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**SURFACE
TRANSPORTATION BOARD**

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**SURFACE
TRANSPORTATION BOARD**

James R. Paschall
General Attorney



September 29, 2004

Honorable Vernon A. Williams, Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, DC 20423-0001

212/04

Re: Docket No. AB-290 (Sub-No. 252X), Norfolk Southern Railway Company
- Abandonment Exemption - Between Burkeville, VA and Pamplin City,
VA - In Nottoway, Prince Edward, Cumberland and Appomattox
Counties, Virginia - Petition for Exemption

Dear Mr. Williams:

Enclosed for filing with the Board in the captioned proceeding are an original and ten copies of Norfolk Southern Railway Company's Petition for Exemption in the captioned docket. The petition contains a draft Federal Register Notice. Also, enclosed are a check for the filing fee and three diskettes in a word processing format that is compatible with the Board's word processing programs.

Please acknowledge receipt of this filing on the enclosed copy of this letter and return it to me in the self-addressed, stamped envelope.

ENTERED
Office of Proceedings

SEP 30 2004

Part of
Public Record

Very truly yours,

James R. Paschall
James R. Paschall

Enclosures

cc w/ encl:

SMI Rebar - Farmville
300 SMI Way
P.O. Box 586
Farmville, VA 23901

Farmers Cooperative, Inc.
312 West 3rd Street
Farmville, VA 23901

Everette Davis, Traffic Manager
Southern States Co-operative, Inc.
P. O. Box 26234,
Richmond, VA 23260

Mr. Vernon A. Williams
Re: AB-290, Sub-No 252X
September 29, 2004
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cc w/ encl.

Karen J. Rae, Director
Virginia Department of Rail and Public Transportation
1313 East Main Street, Suite 300
P. O. Box 590
Richmond, VA 23218-0590

Theodore V. Morrison Jr., Chairman
Virginia State Corporation Commission
1300 East Main Street
P.O. Box 1197
Richmond, VA 23218-1197

United States Department of Defense
Military Traffic Management Command (MTMCTEA)
Transportation Engineering Agency
Railroads for National Defense Program
720 Thimble Shoals, Blvd., Suite 130
Newport News, VA 23606-2574

Mr. Tom Ross, Chief of National Recreation and Trails
U. S. Department of the Interior - National Park Service
Recreation Resources Assistance Division
P.O. Box 37127
Washington, D.C., 20013-7127

U. S. Department of Agriculture,
Chief of the Forest Service
4th Floor N.W., Auditors' Building
14th Street and Independence Avenue, S.W.
Washington, D.C. 20250

Robert Munson, Environmental Program Manager
Department of Conservation & Recreation
Division of Planning and Recreation Resources
203 Governor St. Suite 326
Richmond, VA 23219

Mr. Vernon A. Williams
Re: AB-290, Sub-No 252X
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Cc: w/ encl.

Sarah Puckett
Assistant County Administrator
Prince Edward County
P. O. Box 382
Farmville, VA 23901

Sherry Swinson
Assistant County Administrator
Cumberland County
P. O. Box 110
Cumberland, VA 23040

BEFORE THE
SURFACE TRANSPORTATION BOARD

STB DOCKET NO. AB-290 (SUB-NO. 252X)
NORFOLK SOUTHERN RAILWAY COMPANY
- PETITION FOR EXEMPTION -
ABANDONMENT BETWEEN BURKEVILLE, VA AND PAMPLIN CITY, VA -
IN NOTTOWAY, PRINCE EDWARD, CUMBERLAND AND APPOMATTOX
COUNTIES, VIRGINIA

James R. Paschall
General Attorney
Norfolk Southern Railway Company
Three Commercial Place
Norfolk, VA 23510

(757) 629-2759

Attorney for Petitioner
Norfolk Southern Railway Company

Dated: September 29, 2004

BEFORE THE
SURFACE TRANSPORTATION BOARD

STB DOCKET NO. AB-290 (SUB-NO. 252X)

Norfolk Southern Railway Company
- Petition for Exemption -
Abandonment Between Burkeville, VA and Pamplin City, VA
- in Nottoway, Prince Edward, Cumberland and Appomattox
Counties, Virginia

Norfolk Southern Railway Company ("NSR"), hereby petitions the Surface Transportation Board ("Board" or "STB"), pursuant to the provisions of 49 U.S.C. §10502, for exemption from the prior approval requirements of 49 U.S.C. §10903 to abandon an approximately 33.8-mile line of railroad between Milepost N-134.10 near Burkeville, VA and Milepost N-167.90 near Pamplin City, VA (the "Line") in Nottoway, Prince Edward, Cumberland and Appomattox Counties, VA. NSR has reduced the length of the subject Line to be abandoned by 0.70 mile at Burkeville and 1.16 miles at Pamplin City from the length identified in the environmental report. This small reduction in mileage will not adversely affect any railroad customer or the environment nor does it require a change in the information submitted in the environmental report.¹

¹The environmental report identified the subject Line as 35.66 miles in length between Milepost N-133.40 at Burkeville, VA and Milepost N-169.06 at Pamplin City, VA. The reduction in mileage will help NSR to operate more efficiently at the end points of the Line, provide space for a passing siding at Pamplin City and storage tracks at Burkeville, lessen any impact from salvage operations at those points and will not affect the diversion of traffic on the Line. One hundred fifty-eight (158) carloads of freight moved on the Line to or from Farmville in the Base Year of April 1, 2003 - March 31,

Section 10502 of Title 49 of the United States Code, as amended, directs the Board to exempt a transaction from regulation or prior approval when the Board finds that the transaction satisfies certain statutory criteria. In this petition, NSR fully satisfies the statutory criteria for an exemption for the abandonment of the subject Line.

Background

The subject Line is a surplus parallel Line located between the same end points of Burkeville and Pamplin City and mostly in the same county as an NSR parallel main line (B-Line) that will remain in service. NSR has improved the parallel main line and rerouted overhead traffic that moved on the subject Line until recently to that parallel line. Changes in traffic and traffic patterns also have made use of the Line for overhead traffic unnecessary and costly. This rerouting coincidentally reduced the need for immediate rehabilitation and additional maintenance on the subject Line. NSR's revenue from local traffic on the Line does not come close to covering NSR's avoidable costs of maintenance and operation of the Line or of either the Burkeville-Farmville or Farmville-Pamplin City segments. Thus, it also does not cover NSR's opportunity costs for the Line or either segment or NSR's imminent costs for rehabilitation of the High Bridge and other future reinvestments in plant or equipment to keep the Line in service.

The Line is located mainly in northern Prince Edward County, VA, with a small segment in Cumberland County, VA. It begins at Burkeville in Nottoway County, VA on the east and ends at Pamplin City in Appomattox County, VA, on the west. A segment

2004. The shipments originating or terminating at Farmville will be diverted to rail-truck transload or straight motor carrier service regardless of the exact end points of the Line.

of NSR's east-west main line (between Norfolk, VA and Roanoke, VA) that is parallel to the Line also runs between Burkeville and Pamplin City, mainly in southern Prince Edward County.

NSR rail service will continue to be available at Burkeville (Milepost N-133.4) and Pamplin City (Milepost N-169.3) after the abandonment of the Line. NSR will end rail service at the stations of Rice, VA, Farmville, VA and Prospect, VA upon abandonment of the Line.² There are no current rail customers at Rice, a rural location, or Prospect.

NSR has experienced and will continue to sustain substantial avoidable losses and opportunity costs to maintain and operate over (1) the Line, (2) only the Burkeville-Farmville segment or (3) only the Farmville-Pamplin City segment. NSR also would need to rehabilitate the High Bridge at Milepost N-144.87 at a currently estimated cost of \$871,200 for one year, which would likely be extended to four years at a current cost of \$217,200 for each of the four years under current traffic levels, in order to continue operations over the entire Line or the shorter Burkeville-Farmville segment.

NSR has sufficient capacity to move overhead traffic that formerly moved over the Line over its parallel east-west main line.³ NSR now provides only local service for

²The Town of Blackstone, VA has expressed opposition to the abandonment of the Line and to any proposal to convert the right-of-way to a trail. Blackstone is located at Milepost N-118.4, approximately 15 miles east of Burkeville, the eastern end point of the Line. The Town's interest, other than generalized support for passenger service through the State, which the Town seems to believe would require use of the subject Line (which is true, but only as to any service at Farmville), is not apparent.

³The overhead traffic justified NSR's maintenance of the Line to FRA Class 3 track maintenance standards for many years. More recently, maintenance for the Line was reduced to FRA Class 2 standards to help keep it in operation without incurring additional unrecoverable maintenance costs. However, the Line could not be

the two remaining railroad customers on the Line at Farmville, VA, near Milepost N-149.1, SMI Rebar – Farmville, a unit of CMC Steel Group, part of the Commercial Metals Company, and Farmers Co-operative (Southern States Co-operative, Inc.). In the Base Year of April 1, 2003 - March 31, 2004, NSR handled 158 carloads of local rail freight traffic for these customers, an average of about three carloads per week, in about 156 trains. Thus, each train run on the Line usually transported only one car for one of the two Farmville customers.⁴

Following is a summary of NSR's revenue and avoidable losses for the Base Year April 1, 2003-March 31, 2004 and revenue, avoidable losses and opportunity costs for the Forecast Year September 1, 2004-August 31, 2004 if: (1) the entire line, (2) the Burkeville-Farmville segment or (3) the Farmville-Pamplin City segment were abandoned. The Forecast Year costs for Scenarios 1 and 2 do not include \$871,200 in costs over one year or \$217,800 per year for each of four years for the rehabilitation needed to keep the High Bridge in operation.

maintained at a higher level than FRA Class 1 for NSR to handle local traffic when that traffic would be handled at a substantial and increasing avoidable loss and substantial opportunity cost if it remained in operation for the future.

⁴Some of the trains may have handled some cars for off-Line shippers.

	Scenario 1	Scenario 2	Scenario 3
	Entire Line Base Yr/Forecast Yr	Burkeville-Farmville Base Yr/Forecast Yr	Farmville-Pamplin Base Yr/Forecast Yr
Revenues			
Attributable to Line	\$166,373 / \$172,698	\$166,373 / \$172,698	\$166,373 / \$172,698
Avoidable Loss from Operations	\$223,859 / \$228,511	\$138,348 / \$139,884	\$90,047 / \$89,479
Avoidable Loss including return on value	\$500,776 / \$372,964	\$260,997 / \$204,137	\$243,939 / \$169,705
Opportunity Costs	\$290,519	\$128,111	\$161,550

High maintenance costs for the High Bridge increase the maintenance costs for the Burkeville-Farmville segment.

As the high opportunity costs associated with keeping the Line in place suggest, NSR can use the rail and other material on the Line, which has an estimated net liquidation value for track, turnouts and crossties of \$2,925,665.00, more profitably elsewhere on its system.

NSR's large avoidable losses, significant opportunity costs and imminent bridge rehabilitation costs, at least over four years, if the High Bridge were kept in service, together with the lack of potential for additional railroad customers or substantially increased net revenue from existing customers' traffic at the sparsely populated locations along the Line, justify the requested exemption for NSR to abandon the Line.

General Information

Further general information in support an exemption in this case is as follows:

- (1) **Petitioner.** The petitioner is Norfolk Southern Railway Company (NSR).

NSR operates a railroad system in twenty States throughout the Eastern and Midwestern United States, including Virginia, as well as in Ontario, Canada, and has trackage or haulage arrangements on lines in parts of five other Eastern and Midwestern States. Southern Railway Company and Norfolk and Western Railway Company were NSR's predecessor companies. NSR is a wholly-owned subsidiary of Norfolk Southern Corporation, a non-carrier.

(2) **Common Carrier.** Petitioner NSR is a common carrier by railroad subject to Title 49 of the United States Code, Subtitle IV, Chapter 105 and the Board's jurisdiction.

(3) **Relief Sought.** Pursuant to 49 U.S.C. §10502, the relief sought is an exemption from the prior approval requirements of 49 U.S.C. §10903 so that NSR may abandon the subject railroad Line without obtaining formal prior approval from the Board.

(4) **Map.** A map of the Burkeville-Pamplin City, VA Line that is to be abandoned under the exemption sought in this petition is attached as Exhibit 1.

(5) **System Diagram Map.** This Line was included as a rail line over which rail freight service might be abandoned on NSR's system diagram map, dated September 2003, filed March 29, 2004. However, NSR shows in this petition that the costs of maintaining and operating the Line and the opportunity costs of leaving it in place so outweigh the current or reasonably expected revenues from local traffic on the Line that an exemption to abandon the Line is appropriate and fully justified and that an application for formal prior approval from the Board for NSR's abandonment of the Line is not necessary.

(6) **Reason for Petition.** NSR is filing this petition because it is incurring and will continue to incur substantial avoidable losses and opportunity costs to maintain and operate over the Line. The costs of maintenance and operation of the Line, and the costs of rehabilitation of the High Bridge to keep the Burkeville-Farmville segment in operation, cannot be recovered from the expected revenues from the current or any reasonably foreseeable future local traffic on the Line. NSR needs to invest its limited resources and existing assets in lines that carry more traffic and can be operated profitably.

(7) **Counsel.** Counsel for Petitioner to whom correspondence may be sent is:

James R. Paschall
General Attorney
Norfolk Southern Railway Company
Three Commercial Place
Norfolk, Virginia 23510-2191

Counsel's Phone Number is: (757) 629-2759

(8) **Zip Codes.** The subject Line that will be abandoned pursuant to the exemption in this proceeding traverses United States Postal Service Zip codes 23040, 23901, 23909, 23922, 23958, 23960 and 23966.

Operations, Maintenance, Condition of Line; Discussion of Entire Line and Burkeville-Farmville and Farmville-Pamplin City Abandonment Options

The local train that provides service over the Line to and from Farmville originates and terminates at Crewe, VA, Milepost N-129.0, about five miles east of Burkeville. If either of the Burkeville-Farmville or Farmville-Pamplin City segments were not abandoned, the two-person train crew still would operate from its base at the yard at Crewe, VA. Most, if not all, of the Farmville traffic passes through Crewe as it moves to

or from Petersburg, VA, which is east of Crewe at about Milepost N-81.6. In fact, almost all of rail traffic for SMI-Rebar - Farmville, which constitutes most of the traffic on the Line, is interchanged between NSR and CSXT at Petersburg, VA. Thus, NSR does not have a long haul for most of the Farmville traffic⁵ and has limited ability to increase revenues attributable to the Line by significantly raising rates on that traffic.

NSR has operated local train service over the Line using the entire Line and both segments separately in the past, although the route that uses only the Pamplin City-Farmville segment of the Line, namely: the Crewe-to Burkeville-then over the parallel B-Line to Pamplin City-then over the subject Line to Farmville-return over the Line to Pamplin City-then return to Burkeville and Crewe over the B-Line route (Scenario 3) is currently used in order for NSR to avoid moving trains over the High Bridge on the Line.

In the cost calculations for all three possible scenarios for the operation of local train service to Farmville on the Line, NSR assumes the train will operate over the Line at the current maximum operating speed on the Line of 25 miles per hour. However, NSR uses normalized maintenance costs for the Line at FRA Class 1 track standards according to Board costing requirements. In fact, NSR would apply FRA Class 1 maintenance standards to a line over which so little local traffic, and no overhead traffic

⁵In the Base Year of April, 2003 through March, 2004, 158 carloads of traffic moved over the Line. Only 7 of the SMI Rebar - Farmville carloads and 16 of the Farmers Co-operative (Southern States) carloads originated and terminated on NSR. Six (6) other carloads of potassium chloride for Farmers Co-operative originated or terminated on Canadian National or Canadian Pacific. The only other carload of Farmers Co-operative traffic was interchanged from CSXT. The other 129 carloads of traffic on the Line were for the account of SMI Rebar - Farmville. All were interchanged with CSXT at Petersburg, VA. See Exhibit 2 Pro Forma Traffic/Revenue Statement.

moved. Eventually, NSR would need to reduce the maximum operating speed for trains on the Line to 10 miles per hour as the condition of the Line declined to FRA Class 1 standards.

The 81.6-mile route of the NSR local train serving Farmville in Scenario 1, which uses the entire 33.8-mile Line, is Crewe to Burkeville, then to Pamplin City via the parallel main line (the B-Line), then to Farmville via the Line (N-Line), service to the customers at Farmville, then on to Burkeville via the Line (N-Line) and return to Crewe.⁶

In Scenario 2, the NSR local train runs a 40.4-mile route from Crewe to Burkeville to Farmville, where it serves the customers and the returns via reverse route to Burkeville and Crewe. The train runs on the Line for 30.0 of the 40.4-mile trip.

Until about six months ago, NSR used the first two routes at times for the trains that served the Farmville customers. During the Base Year, those trains operated about three times per week (156 runs) usually carrying only one carload for customers on the Line on average. The route chosen depended on conditions on the B-Line and whether the crew had to provide any service to customers off the Burkeville-Farmville segment of the Line during the day's run. Scenario 2 requires movement of the shortest distance between Farmville and Crewe and on the Line, but would not be able to include service to off-line customers in the area on the same run and would require crossing the High Bridge twice. The service cannot be performed at a profit under this Scenario in any

⁶Calculation of the avoidable cost of running this route in reverse would use the same cost factors and reach approximately the same result. NSR costs actually would increase if any traffic that could be routed more efficiently and economically over the B-Line under Scenario 1 were carried over a longer route that included the N-Line segment. There would be no reason to run a train on the Line (N-Line) all the way to

event. Trains using the routes in both Scenarios 1 and 2 need to use the rapidly deteriorating, high maintenance High Bridge at Milepost N-144.87.

In Scenario 3, the local train runs a 122.8-mile route with 37.6 miles on the Line. The run also starts at Crewe and runs on the parallel NSR main line, the B-Line, through Burkeville to Pamplin City, where it turns to the east on the subject Line, the N-Line, and proceeds to Farmville to serve the on-line customers. Unlike in Scenario 1, the train returns via reverse route from Farmville to Pamplin City on the N-line and then via Burkeville to Crewe on the parallel B-Line. NSR operates the local trains that serve Farmville customers on the route in Scenario 3 today. NSR uses this route mainly to have the train avoid moving over the High Bridge, which would require immediate additional maintenance and rehabilitation costs. By using this route, NSR has deferred timber and surfacing costs and High Bridge rehabilitation costs on the Burkeville-Farmville segment of the Line. The train crew also can serve additional locations by using this route.

Bridge Rehabilitation Costs

The 2,418-foot High Bridge at Milepost N-144.87 on the Burkeville-Farmville segment of the Line contributes to the higher normalized maintenance costs for the 15.0-mile Burkeville-Farmville segment than for the 18.8-mile Farmville-Pamplin City segment.

In addition, the High Bridge, built in 1912-14, has been rapidly deteriorating and would require rehabilitation estimated currently to cost \$871,200 for one year, or

Pamplin City from Crewe via Farmville and return via reverse route over the Line.

\$217,800 per year for each of four years, to remain in operation in the Forecast Year.

This rehabilitation cost, which would be the substantial element of the subsidization costs for the entire Line or the Burkeville-Farmville segment, would add a significant amount to the avoidable loss to maintain and operate the entire Line, or the Burkeville-Farmville segment, in the Forecast Year.

Summary of Reasons for Abandonment

Despite NSR's efforts to reduce costs by re-routing overhead traffic, using an alternate operating scenario and reducing maintenance levels and discussing rate and other options with the customers at Farmville, NSR has been incurring and will continue to incur substantial avoidable losses and opportunity costs to maintain and operate the Line. NSR cannot maintain or operate profitably over the entire Line or either the Burkeville-Farmville or Farmville-Pamplin City segments of the Line, much less justify any future rehabilitation of or reinvestment in the Line or either segment. The revenue from the traffic of the two customers on the Line is insufficient to cover NSR's avoidable costs, much less a return on value, opportunity costs or rehabilitation costs, and no reasonably forecast increase in their traffic could cover the wide deficit.

There is no realistic possibility that NSR can develop significant additional revenue from the traffic on the Line over that now received for transportation of the 158 carloads shipped by SMI Rebar - Farmville (a unit of CMC Steel Group, part of the Commercial Metals Company) and Farmers Co-operative (Southern States Co-operative, Inc.) in the Base Year April 2003-March 2004 at any time in the near future. Despite modest recent increases in SMI Rebar-Farmville traffic in the current period of

high demand for steel or scrap, NSR has no guaranteed level of traffic on the Line. No reasonable forecast of increased traffic, from the existing or any potential shippers, and no application of rate increases that would not divert traffic could provide NSR with sufficient increased revenue and traffic to cover NSR's costs of maintaining and operating the Line and opportunity and rehabilitation costs. The area traversed by the Line is sparsely populated and there is little prospect for any significant industrial development that would provide increased railroad business.⁷

Summary of Key Traffic, Revenue and Cost Information

The traffic, revenue and cost information for the Line and the Burkeville-Farmville and Farmville-Pamplin City segments is contained in Exhibits 2 and 3.

NSR transported 158 carloads of freight over the Line for the two customers at Farmville, VA in local trains operated about three times per week by two-person crews to and from Crewe, VA, Milepost N-129.0, in the Base Year April 1, 2003-March 31, 2004. The traffic consisted of 135 shipments of (steel) bars, iron, and 1 carload of sheet steel for SMI Rebar - Farmville and 10 carloads of diammonium fertilizer, 8 carloads of PTSM chloride, 2 carloads of soybean oil meal, 1 carload of soybean hulls and 1

⁷The web site VillageProfile.com, Inc. reports the populations of the area where most of the Line is located as: Prince Edward County at 19,720 the Town of Farmville at 6,845. Nearby Cumberland County through which the Line runs for a short distance was shown to have a population of 9,017. The web site reports an unemployment rate of 3.9 per cent in Prince Edward County and 2.3 per cent in Cumberland County. Part of the population of northern Prince Edward County and the Town of Farmville are connected with Hampden-Sydney College and Longwood University. This sparsely populated area, where many residents are already engaged in occupations unrelated to businesses that could be railroad customers, is not a location in which significant additional railroad business can be anticipated. Moreover, a parallel NSR main line runs through the southern part of Prince Edward County and will remain available to

carload of urea for Farmers Co-operative, Inc.

The key revenue, cost, avoidable loss, net liquidation value and opportunity cost information relating to the entire Line, and to the Burkeville-Farmville and Farmville-Pamplin City segments individually, is as follows:

	Scenario 1 Entire Line Base Yr/Forecast Yr	Scenario 2 Burkeville-Farmville Base Yr/Forecast Yr	Scenario 3 Farmville-Pamplin C Base Yr/Forecast Yr
Revenues			
Attributable to Line	\$166,373 / \$172,698	\$166,373 / \$172,698	\$166,373 / \$172,698
Total Avoidable Costs	\$390,232 / \$401,209	\$304,721 / \$312,582	\$256,420 / \$262,177
Total Return on Value	\$276,917 / \$144,453	\$122,649 / \$64,253	\$153,892 / \$80,226
Avoidable Loss from Operations	\$223,859 / \$228,511	\$138,348 / \$139,884	\$90,047 / \$89,479
Avoidable Loss including return on value	\$500,776 / \$372,964	\$260,997 / \$204,137	\$243,939 / \$169,705
Net Liquidation Value	\$2,925,665 / \$3,071,948	\$1,290,144 \$1,354,651	\$1,626,890 / \$1,708,235
Opportunity Cost	\$290,519	\$128,111	\$161,550

Maintenance costs for the High Bridge contribute to increased normalized maintenance costs for the Burkeville-Farmville segment. Because of its size and remote location not visible from the highway, and the historic interest in the adjacent site of the original High Bridge and Civil War action, the High Bridge has presented NSR with liability concerns and there have been some incidents for which claims against NSR have been made. The costs of these claims cannot be factored into the above losses but nonetheless must be considered by NSR.

Although the currently estimated cost of \$871,200 for one year or \$217,800 for

serve locations in that area.

each of four years to rehabilitate the High Bridge is not included in the Forecast Year costs in Exhibit 3 for Scenarios 1 and 2, rehabilitation of the High Bridge at Milepost N-144.87 is required and would be a cost to be considered for continued operation of the entire Line or the Burkeville-Farmville segment, as well as the main element of any subsidization cost for the Line as a whole or the Burkeville-Farmville segment of the Line for the Forecast Year.⁸

Efforts to Continue Service; Alternate Service Options; Transportation Alternatives; Transportation Network

While SMI Rebar-Farmville traffic has increased during the current period of high demand for steel products and scrap, this increase has resulted or can be forecasted to result in only modest net revenue increases to NSR and a slight reduction in avoidable costs of operating the Line. Each shipment must cover its own costs before it can reduce the overall avoidable loss. There is little potential for significantly increased traffic or revenue to NSR from the Farmville customers to cover the current avoidable loss from operations. The rate increases to those customers would need to be \$1,000 or more per car for mostly relatively short hauls for NSR to come close to recovering its costs of operating and maintaining the Line. NSR knows of no definite potential railroad customer at locations along the Line and believes there is little likelihood that one could appear to provide significant additional rail freight traffic from the sparsely populated area in which the Line is located.

⁸In the unlikely event that a party makes an offer to subsidize operation of the entire Line or either segment of the Line in this proceeding, NSR will prepare a more complete subsidization analysis promptly.

NSR has made efforts to cut costs and to work with the shippers on rate increases or shipping arrangements in order to improve the prospects for keeping the Line in service. These efforts have not been able to overcome the large avoidable costs and account for the significant opportunity costs in view of the small volume of traffic on the Line and the number of miles of line that must be maintained to handle that traffic.

U. S. Highways 460 (east-west) and 15 (north-south) are routed through Farmville and Prince Edward County, and U.S. 60 (north-south) runs through nearby Cumberland County. Virginia primary Route 45 connects Farmville with Cumberland, which is about 12 miles away. Interstates within 60 miles include I-95 (north-south); I-85 (north-south); I-64 (east-west). NSR's parallel east-west main line at Burkeville is approximately eleven (11) highway miles along U. S. 460 from the location of the shippers on the Line at Farmville. Buckingham Branch Railroad's east-west line is about 20 miles from Farmville at Dillwyn, VA and connects with CSXT.

Upon abandonment of the Subject Line, the remaining shippers' traffic on the Line can move by transload service through facilities on NSR at Petersburg, VA or similar CSXT facilities near Petersburg, by a possible transload operation with the Buckingham Branch Railroad at Dillwyn, VA or by straight truck or intermodal service.⁹ The alternative most likely to be cost effective would be SMI Rebar's use of transload

⁹ Brenco Incorporated and Best Eastern Storage & Transfer operate steel distribution facilities served by NSR at Petersburg, VA. Best Eastern Storage & Transfer also has a bulk distribution terminal served by NSR at Petersburg, VA. Rail Services, Incorporated independently operates a Thoroughbred Bulk Transfer Terminal owned by NSR at Petersburg, VA. Petersburg, VA is about 65 highway miles from Farmville, VA.

operations that could be established by the Buckingham Branch Railroad at Dillwyn, VA, about 20 miles from Farmville, VA. NSR's Director of Strategic Planning Sarah Corey has introduced SMI Rebar's representative to Buckingham Branch Railroad's representative so that they might discuss such an alternative transportation option.

The web site Village Profile.com states that approximately 26 trucking firms serve the Farmville area. Even a casual look at internet information reveals that several motor carriers specializing in flatbed and heavy haul trucking, especially of iron and steel products, hold their companies out to operate in the central Virginia area.¹⁰ NSR is aware that SMI Rebar – Farmville has used truck transportation on occasion as a substitute or supplement to rail transportation so transload or truck transportation is a transportation option for that shipper. Thus, trucking companies that operate in the area could provide SMI Rebar–Farmville with either transload or direct motor carrier service.

Communities on Line

The only community on the Line at which rail service to current railroad

¹⁰Four such trucking companies are: Estes Truckload, Inc., headquartered in Richmond, VA, holds itself out to transport all sizes of shipments, including offering a wide variety of volume and truckload transportation services for shipments that are excessively heavy or large in size. Team America, Inc, of Mansfield, TX, with a dispatching location at Petersburg, VA, specializes in inbound flatbed loads from many locations to Texas and Virginia and outbound loads to points all over the United States and Canada. Maverick Transportation, Inc. of Hope, AR, with a terminal at Jarratt, VA, near Petersburg, provides mainly flatbed services for shipment primarily of steel and building materials. Swift Transportation Inc., now the nation's largest publicly held truckload motor carrier, has a flatbed division and a heavy haul division. Swift has a terminal at Richmond, VA.

customers will be lost when the Line is abandoned is Farmville, VA (population 6,845). The stations of Rice, VA (rural location) and Prospect, VA (population 1,729) also will lose rail service as a result of the abandonment, but there are no active rail shippers at those locations. The entire populations of Prince Edward County, Virginia and the Town of Farmville were 19,720 and 6,845, respectively, in the year 2000.

NSR will continue to provide rail service to railroad customers at Burkeville, VA (Milepost N-133.4, Nottoway County) and Pamplin City, VA (Milepost 169.3, Appomattox County). As previously noted, NSR's east-west main line that is parallel to the subject Line also passes through Burkeville and Pamplin City.

Public Use, Trail Use, Offers of Financial Assistance

NSR is currently unaware of any impediments to its title to the right-of-way that would prevent acquisition of the Line for public use after NSR consummates abandonment of the Line. NSR's preliminary title search showed that NSR's predecessor acquired all parcels of real estate that comprise the Line's right-of-way by condemnation or purchase, although a few parcels may be held by deed of exchange. Thus, NSR owns the right-of-way in fee.¹¹

The Virginia Department of Rail and Public Transportation (DRPT) has

¹¹The railroad's exercise or consummation of abandonment authority or exemption from the Board does not divest the railroad of its ownership rights in property that it owns in fee. The abandonment of a railroad line permanently removes the railroad's common carrier obligation to provide service over that line and ends STB jurisdiction over the line. Therefore, the railroad may salvage its track and material upon exercise of the abandonment but the railroad retains any previous title that it may have to the real estate comprising the right-of-way.

expressed interest in discussing options for continued public use or trail use of the right-of-way or continuation of freight service over the Line with a view toward instituting possible future passenger service over the Line in letters to NSR dated April 8, 2004 and September 17, 2004 and in previous meetings or conversations.

NSR is willing to consent to the Board's issuance of a notice of interim trail use or abandonment for the Line, establishing a six-month trail use negotiation period condition, if an appropriate trail use request is made by a qualified trail sponsor.¹²

NSR also is willing to have the Board impose a 180-day public use condition with respect to the disposition of the Line.¹³ Typically, such conditions would not prevent removal of track and materials from the Line after the effective date of the Board's decision except in rare cases in which the Board has found there is a reasonable prospect that the Line can be acquired for passenger rail service, usually commuter passenger service. As we further discuss under Passenger Service, below, the proposed long distance passenger service over this Line is not a direct project of the State and lacks funding. The Line is extremely unlikely to be acquired and the service is very unlikely to be established within the foreseeable future. The proposed service does not provide a basis for negotiations for a passenger service provide to purchase the right-of-way from NSR with the valuable track and materials intact. Thus, absent some change in circumstances or a reasonable offer to buy the Line including the track

¹²The Virginia Department of Natural Resources has expressed some interest in establishing or promoting a trail on all or part of this right-of-way.

¹³Public use and trail use conditions do not cover or include a right to negotiation for acquisition of the Line for continued rail freight service.

and material that appears to have substantial financial backing, NSR will not agree to leave the track and material in place for any specific period after the effective date of the exemption and asks that the Board not impose a requirement to keep the track and material in place for the duration of any public use condition. The track and material are too valuable for alternative use for NSR to commit to leave it in places for an additional lengthy period of time or for the Board to impose any such requirement.

NSR points out that DRPT as well as the Committee to Advance the TransDominion Express which is the principal group supporting the establishment of passenger train service along a route that includes the Line have known since July or August of 2003 that NSR would likely file for abandonment of the Line in the near future. NSR also placed the Line on its system diagram map that was filed, and served on the required State officials, on March 29, 2004.

The petition will take about 110 days for the Board to process. An exemption would become effective 30 days thereafter. This will mean that DRPT and other interested parties will have until on or about March 1, 2005 to present a credible offer to purchase the Line intact. After that, conveyance of the right-of-way without the track and material for public use or trail use would be the most realistic possibility for preservation of the right-of-way.

In view of the time since the possible petition for exemption to abandon this Line became known to the public, the unlikelihood that the Line can be acquired or the proposed passenger rail service can be initiated over the Line soon and the cost to NSR of maintaining the track and material in place, NSR requests that the Board reject any

motion to stay or postpone either the processing of the proceeding or the effective date of the exemption. NSR should not have to incur continued substantial avoidable losses from the maintenance and operation of the Line as well as the significant opportunity costs of leaving the track and material in place based on a wholly speculative rail passenger train venture that lacks financing. Thus, NSR submits that any public use condition granted in this proceeding should not extend to the track, ties, and signal equipment because there is little likelihood financing to acquire the Line or operate the service would be available in an additional six months if such financing does not become available by about March 1, 2005. The most likely way to preserve the right-of-way for future public use and possible reinstitution of rail service would like be through trail use, for which leaving track, ties and signal equipment in place is unnecessary.

Title Search

NSR's preliminary title search shows that NSR's predecessor acquired the parcels comprising the right-of-way of this Line through condemnation or purchase, although NSR also has records of a few deeds of exchange. Thus, NSR owns the real estate comprising the right-of-way in fee. NSR will provide further title information as to all or part of the right-of-way promptly if required for the evaluation of an Offer of Financial Assistance or in response to any negotiations for an agreement to convey the right-of-way to a governmental entity for public use or trail use.

Statement Concerning Federally Granted Right of Way

Based on information in NSR's possession, the Line does not contain federally granted right-of-way. Any documentation later found in NSR's possession concerning

this matter will be made available promptly to those requesting it.

Environmental and Energy Impact; Historical Report

Attached are environmental and historical reports prepared and that were previously distributed to various government agencies in accordance with the Board's regulations (see Exhibit 4). The diversion of about three carloads per week of railroad traffic to motor carrier will not cause a significant impact on the environment or energy use and any NSR salvage of the track and material on the Line will be conducted so as to have minimal impact on the mostly rural area where the Line is located. In the alternative, such salvage can be subject to reasonable conditions that will minimize any potential impact on the environment from the salvage operations.

Passenger Service

There is currently no passenger service over the Line.

The Committee to Advance the TransDominion Express (TDX) comprised mainly of local government officials, planning division officials, chamber of commerce representatives and representatives of various colleges has been advocating establishment of passenger train operations between Washington, DC and Lynchburg, VA and between Richmond, VA and Lynchburg, VA and from Lynchburg, VA over the same route to Roanoke, VA and Bristol, VA since at least 1998. The Lynchburg Regional Chamber of Commerce staffs the Committee. DRPT conducted a Bristol Rail Passenger Study in 1998, which provided the basis for the interest in the proposed passenger trains. However, DRPT's contractor significantly underestimated the costs of establishing and running this service and did not adequately consider NSR's costs of

participation in the project. DRPT has not proposed to establish or operate the proposed rail passenger service itself and has no funding for such purposes, although DRPT does co-operate with and provide some advice or assistance to the Committee.

In any event, the TDX Committee's web site now recognizes in a June 2004 posting:

The most recent cost figures for completion of the entire system is approximately \$120 million, not including train sets. Even though the price tag of the "starter train" [five passenger cars to be purchased from Virginia Railway Express] would be a small fraction of that already modest (sic) cost, significantly more money than is currently available is needed to make this project a reality. No identified sources have been determined. Efforts similar to those used to obtain the initial \$9.3 million will ensue, seeking monetary and political support from communities to be served, grant opportunities, and lobbying state and federal sources.¹⁴

Clearly, NSR cannot be expected to retain possession of a Line that cannot be maintained and operated profitably and to leave on the Line material that could be used elsewhere on its system to facilitate negotiations over the institution of a passenger service that cannot be established over the Line in the near future, if at all. Moreover, the abandonment of the subject Line would not sever all rail links between Richmond and Lynchburg. Reinstitution of service to Farmville may be made more difficult and expensive if the track and material were removed from the subject Line's right-of-way. However, any future rail passenger service that passed through Burkeville still would be within only eleven miles of Farmville.

¹⁴The TransDominion Express web site also stated that "Due to the unresolved High Bridge issue in Farmville, the Lynchburg to Richmond leg will likely be built after the D.C. leg is established" in describing remarks by DRPT Director Karen Rae.

NSR should not have its private property tied up and the value of its private assets diminished on the basis of speculative future plans for proposed rail passenger service that lacks funding and is not likely to come to fruition in the foreseeable future.

Draft Federal Register Notice; Diskettes

A draft notice of NSR's petition for exemption in this proceeding for publication by the Board in the Federal Register and copies of the draft notice contained on three computer diskettes compatible with the Board's current word processing capabilities are attached.

Service of Petition; Newspaper Notice

NSR has given adequate notice of this petition by serving copies of it by first class U. S. Mail, postage prepaid on SMI Rebar - Farmville, 300 SMI Way, P.O. Box 586, Farmville, VA 23901 (a unit of CMC Steel Group, part of the Commercial Metals Company); and Farmers Cooperative, Inc., 312 West 3rd Street, Farmville, VA 23901 (Southern States Cooperative, Inc.), the only recent active customers on the Line, and on appropriate state officials, including DRPT. The copies of the petition were accompanied by a letter that advises that any comments or protests should be directed to the STB within 30 days of the filing of the petition.

Newspaper notices concerning the filing of the petition were published in the Blackstone Courier Record (Nottoway County), the Farmville Herald (Prince Edward and Cumberland Counties) and the Times Virginian (Appomattox County), which are papers of general circulation in the counties through which the Line runs (see Exhibit 5).

An Exemption for the Abandonment of the Subject Railroad Line Is Appropriate

While NSR is submitting considerable revenue and cost information, including workpapers, for the entire Line and Burkeville-Farmville and Farmville-Pamplin City segments with this petition, NSR believes that they make a simple and obvious point concerning NSR's avoidable losses and opportunity costs from maintaining and operating the Line. Thus, a petition for exemption is an appropriate procedure in this case. Much of the information in each scenario is similar, and much of the information about the segments simply is a division of the information and inputs for the entire Line. More importantly, this submission shows that the avoidable losses and opportunity costs of NSR's continued operation of the Line or either segment of it are not marginal or minor and the revenue/cost/avoidable loss/opportunity cost justification for abandonment of the Line is clear.

Only a small volume of traffic moves on the Line. Avoidable losses and opportunity costs for the entire Line or either segment of it are large. There can be no realistic prospect for any substantial increase in profitable traffic or net revenue increases from the traffic of the two current customers or from any new customers in the sparsely populated area traversed by the Line sufficient to cover the costs of maintaining and operating over the Line and the opportunity costs of its continued operation.¹⁵

¹⁵NSR's overhead traffic has been moved to the parallel NSR main line between the same end points of Burkeville and Pamplin City and located in the same county as most of the subject Line is located. This rerouting of overhead traffic actually reduced the need for immediate rehabilitation of the High Bridge and immediate timbering and surfacing of the segment of the Line between Burkeville and Farmville.

NSR shows that its maintenance and operation of the Line resulted in substantial avoidable losses in the Base Year and that NSR will continue to incur similar losses in the Forecast Year. The projected revenue attributable to the Line for the Forecast Year is \$172,698. On the other hand forecasted total avoidable loss from operations is \$228,511 and total avoidable loss including return on value is \$372,964. An opportunity cost of \$290,519 for keeping the Line in operation also must be added to the forecasted avoidable loss for maintenance and operation. The total avoidable loss for the Burkeville-Farmville segment for the Forecast Year is \$139,884 and the total avoidable loss including return on value is \$204,137. The additional opportunity cost is \$128,111. If either the entire Line or the Burkeville-Farmville segment were kept in operation, the High Bridge would require rehabilitation currently estimated to cost \$871,200 for one year or, at best, \$217,800 per year for each of four years. Finally, the total avoidable loss from operations for the Pamplin City-Farmville segment for the Forecast Year is \$89,479 and the avoidable loss including return on value is \$169,705. The additional opportunity cost that NSR would incur for this segment is \$161,550.

NSR's presentation of all pertinent information and its clear justification for an exemption for the abandonment of the subject Line show that the expense and time required for preparation of an abandonment application would be unnecessary and unjustified. The opportunity costs of keeping the Line in operation alone are greater than the revenues from the Farmville traffic, and the opportunity costs of keeping either segment in operation approach those revenues. The avoidable costs and opportunity costs of maintaining and operating the Line cannot reasonably be adjusted or amended

to show that NSR could operate the Line or either segment of it profitably.

Under the circumstances, the cost and delay of using the long-form procedure would increase NSR's costs of holding this Line, delay the benefits of the Line's abandonment to NSR and its customers in general (who in effect must subsidize the operation of any Line that NSR operates at a loss if it is to remain in business). An application would add little, if any, information to that presented here to help the Board reach a conclusion or to aid in the Board's efficient and timely handling of the matter.

Discussion and Authorities

Under 49 U.S.C. 10903, a railroad may not abandon or discontinue service over a rail line without the Board's prior approval. Under 49 U.S.C. 10502, however, the Board must exempt a transaction or service from regulation when it finds that: (1) continued regulation is not necessary to carry out the rail transportation policy of 49 U.S.C. 10101; and (2) either (a) the transaction or service is of limited scope, or (b) regulation is not necessary to protect shippers from the abuse of market power.¹⁶

This petition clearly shows that the exemption criteria are met with respect to the abandonment of the subject 33.8-mile line of railroad between points near Burkeville,

¹⁶The statutory standard governing Board approval of an abandonment of a railroad line is whether the present or future public convenience and necessity permit the proposed abandonment. 49 U.S.C. 10903(d). If the Board were applying that standard in this case, rather than approving an exemption, the Board would balance the potential harm to affected shippers and communities against the present and future burden that continued operations could impose on the railroad and on interstate commerce. *Colorado v. United States*, 271 U.S. 153 (1926). This petition clearly shows that the small burden on shippers and the community from the loss of rail service burden is outweighed by the burden on the railroad from continued maintenance and operation of the Line and the opportunity costs of keeping the Line in place.

VA and Pamplin City, VA. The Board does not need to provide the detailed scrutiny of the proposed abandonment of the Line under a long-form application for the Board's prior approval of abandonment of the Line under 49 U.S.C. 10903 in order for the Board to carry out the rail transportation policy set forth in 49 U.S.C. 10101. By minimizing the administrative expense of the application process, the Board's approval of an exemption in this proceeding also will reduce regulatory barriers to exit in the railroad industry [49 U.S.C. 10101(7)].

An important consideration in this case is that by permitting NSR to forgo operating this Line at a substantial loss and to apply its assets more productively elsewhere on its rail system, an exemption will promote safe and efficient rail transportation, foster sound economic conditions, and encourage efficient management [49 U.S.C. 10101(3), (5), and (9)]. Other aspects of the rail transportation policy will not be affected adversely by the grant of the exemption.

In this petition, NSR shows that it is incurring and will incur substantial avoidable losses from continuing to maintain and operate over the Line. NSR has no prospect of recovering its full costs of maintaining and operating freight service on the Line from the revenues from the small volume of traffic moving on the Line, even with reasonable rate increases on that traffic and modest increases in its volume such as those seen in this recent period of high demand for steel and scrap. The petition also shows there is no realistic prospect of any new shippers locating on the Line which would offer NSR significant additional traffic and provide sufficient revenues to cover NSR's avoidable losses on the maintenance and operation of the Line as well as NSR's opportunity

costs.

Regulation of the proposed transaction is not necessary to protect shippers from the abuse of market power. The Line is in a sparsely populated area over which little railroad traffic moves or can be expected to move. The two current shippers have adequate access to alternate transportation sources. The rail traffic of the two railroad customers at Farmville averages about three carloads per week, in total. Almost every carload needs to be handled in separate train runs to make timely deliveries. The current customers at Farmville provide the only traffic that moves over the Line or that can be reasonably forecast.¹⁷ While SMI Rebar – Farmville's traffic recently has increased modestly due to the recent high demand for steel and scrap, an increase of a few carloads per month or any reasonably expected increase in traffic from the current shippers is and would be clearly insufficient to cover NSR's large avoidable losses and opportunity costs from maintenance and operation of the Line.

Mere speculation about future traffic for a light density and unprofitable line is not a sound basis upon which to deny an abandonment exemption. See STB Docket No. AB-57 (Sub-No. 46X), *Soo Line Railroad Company – Abandonment Exemption – In St. Paul, Ramsey County, MN*, served April 20, 1999, page 7; STB Docket No. AB-6 (Sub-

¹⁷NSR is confident that nothing can be added to the record in this proceeding that will show that NSR has discouraged the shipment of potential traffic on the line simply to facilitate its abandonment. Despite modest increases in SMI Rebar-Farmville traffic over previous periods, NSR also believes that if any argument is offered forecasting a significant increase in future traffic over the Line, it will be based on speculation. NSR knows of no source of new business, and has no guarantee that any level of traffic, much less any new traffic, will continue to move over the Line in the future. Any such forecasted traffic clearly would be uncertain to materialize and insufficient to justify continued maintenance and operation of the Line.

No. 370X), *Burlington Northern Railroad Company--Abandonment Exemption--Between Mesa and Basin City, in Franklin County, WA*, served January 27, 1997, page 4. Any suggestions that traffic of potential new shippers or vastly increased traffic levels from current shippers would be definite or lasting, and would be sufficient pay for the costs of maintaining, operating and rehabilitating the Line or cover opportunity costs, would be purely speculative.

In this case, NSR's revenue from transporting the shippers' traffic is minimal, or at least very clearly insufficient by a wide margin, compared to NSR's cost of maintaining and operating the Line and NSR's opportunity costs. NSR's revenue from the shippers' traffic also is insufficient to support NSR's costs of reinvestment in plant and equipment to provide continuing rail service on the entire Line or Burkeville-Farmville segment of the Line, such as the cost of rehabilitation of the High Bridge, and ultimately to support such reinvestment on the Farmville-Pamplin City segment as well.

The record shows that NSR's continued operation of the Line will result in a total Forecast Year operating loss to NSR of \$ \$228,511, and when opportunity costs of \$290,519 are factored in, NSR would incur a total annual loss of \$519,030 (not including return on value or High Bridge rehabilitation costs). Corresponding losses, opportunity costs and total annual losses (not including return on value or rehabilitation costs) would be \$139,884, \$128,111 and \$267,995 for the Burkeville-Farmville segment and \$89,479, \$161,550 and \$251,029 for the Farmville-Pamplin City segment. NSR knows of nothing that can be added to the record to suggest that the Line will be profitable in

the future.

Thus, the Board should conclude that NSR would suffer continual losses from maintenance and operation of the Line if the proposed abandonment were denied. Shippers cannot expect the railroad to subsidize their business operations.¹⁸ *CSX Transp., Inc. v. Surface Transp. Bd*, 96 F.3d 1528 (D.C. Cir. 1996). Moreover, the affected shippers at Farmville, VA have adequate transportation alternatives via rail-truck transload service at Petersburg, VA, proposed transload service at Dillwyn, VA and direct motor carrier service. The location of bulk terminal and steel distribution facilities 65 miles away at Petersburg, VA, the possible location of transload operations at Dillwyn, VA, 20 miles from Farmville¹⁹, and the number of motor carries serving the Farmville area found by even casual research show that the customers have alternative sources of transportation available.

NSR is not required to use the Line for overhead traffic in order to keep it in operation for a small volume of local shipments. The ICC and the Board have frequently held that routing decisions are matters of managerial discretion and it would be contrary to the economic self-interest of the carrier to adopt inefficient routings. The ICC stated in *Exemption of Out of Service Rail Lines*, 2 I.C.C.2d 146, 146 (1986)

¹⁸Any local concern about the effect of an abandonment of the Line upon the two customers at Farmville, while understandable, does not outweigh the demonstrated harm to NSR that would result from continued operation of this uneconomical line. Moreover, as we have noted, those customers have transportation alternatives.

¹⁹NSR has suggested to SMI Rebar – Farmville and the Buckingham Branch Railroad that BBR might set up a transload operation for SMI Rebar – Farmville at Dillwyn, VA on the CSXT line that BBR proposes to lease in order to have only a 20-mile highway haul of its commodities before or after rail movement.

(Exemption), aff'd sub nom. Illinois Commerce Comm'n v. I.C.C., 848 F.2d 1246 (D.C. Cir. 1988), cert. denied, 488 U.S. 1004 (1989) at page 150 that "the rerouting of overhead traffic is a matter of managerial discretion that requires no regulatory authorization and can be accomplished even where abandonment authority is denied. Thus, the rerouting of overhead traffic is not an issue that would affect the outcome of an abandonment proceeding." See also e.g. STB Docket No. AB-6 (Sub-No. 399X), *Burlington Northern and Santa Fe Railway Company – Abandonment Exemption – In Jefferson County, NE*, served May 19, 2003; *Conrail – Aban. – Bet. Warsaw & Valp., Counties, IN*, 9 I.C.C.2d 1299, 1320 (1993); ICC Docket No. AB-55 (Sub-No. 309X), *CSX Transportation, Inc. – Abandonment Exemption – in Putnam, Hendricks, and Marion Counties, IN*, served November 16, 1989. In this case, the rerouting of overhead service from the Line at least initially has reduced the need for certain maintenance and rehabilitation expenditures and thus has benefited the local shippers.

NSR has served a copy of its petition on the recent shippers on the Line, SMI Rebar - Farmville (a unit of CMC Steel Group, part of the Commercial Metals Company) and Farmers Co-operative (Southern States Co-operative, Inc.) and thus has provided them an opportunity to become parties to this proceeding, place their names on the service list or to monitor the outcome of the proceeding on the Board's web site. Nonetheless, should the Board so order, NSR will serve a copy of the Board's decision on these customers and certify to the Board that a copy of the decision has been sent to them.

The Board cannot, under the law, require a rail carrier to continue operating a line at a substantial loss and with few, if any, concrete prospects for additional future traffic. STB Docket No. AB-564, *Camas Prairie Railnet, Inc. - Abandonment - In Lewis, Nez Perce, and Idaho Counties, ID (Between Spalding and Grangeville, ID)*, served September 13, 2000. It is equally apparent that the Board cannot require a railroad to keep an unprofitable Line in operation or even keep track and materials in place on a Line to be abandoned, merely to support negotiations over possible, speculative, future passenger service on the Line.

A mechanism is provided in 49 U.S.C. 10904 for those who want to continue rail service that the Board has authorized to be discontinued or abandoned. Under section 10904, any financially responsible person (and all government agencies are deemed to be financially responsible) may file an offer of financial assistance (OFA), provided they do so within the OFA procedures and time limits contained in 49 U.S.C. 10904 and 49 CFR 1152.27.

Given that NSR has shown that the Board can make the required finding regarding market power to support an exemption for the abandonment of the Subject Line, it is not necessary to determine whether the proposed transaction is limited in scope. However, it is quite clear from both the facts set forth in this petition and numerous decisions by the Board granting exemptions for the abandonment of longer lines, lines over which more traffic had been moving, and lines where the avoidable loss or avoidable loss per mile of operating and maintaining a line was not as great as they are for this Line, that the proposed abandonment transaction is limited in scope. This

abandonment involves only 33.8 miles of Line serving two customers in a sparsely populated area where the customers have adequate access to alternate transportation sources and who shipped or received a total of only 158 carloads of freight in the Base Year. On the other hand, the avoidable losses and opportunity costs to the railroad of continuing to maintain and operate the Line, or even to hold track and material in place, are substantial and unjustified.

Employee Protection

Since under 49 U.S.C. 10502(g), the Board may not use its exemption authority to relieve a carrier of its statutory obligation to protect the interests of its employees, NSR is willing, as a condition to the Board granting this exemption, for the Board to order that the employee protective conditions set forth in *Oregon Short Line R. Co. -- Abandonment -- Goshen*, 360 I.C.C. 91 (1979), apply to this abandonment transaction.

Environmental and Historic Reports

NSR has submitted an environmental report with its petition and has notified the appropriate Federal, state, and local agencies of the opportunity to submit information concerning the energy and environmental impacts of the proposed action. See 49 CFR 1105.11. NSR expects that the Board's Section of Environmental Analysis (SEA) to examine the environmental report, verify the data it contains, analyze the probable effects of the proposed action on the quality of the human environment, serve an environmental assessment and request comments. NSR anticipates that the Board will receive no substantive comments on the merits in response to the environmental assessment that would suggest imposition of any environmental conditions on NSR's

actions with respect to the Line upon its abandonment, especially salvage activities, except as may be routine or usual in this type of case.

The environmental and historic reports show, and NSR believes SEA will find, that the proposed abandonment of freight service on the Line will not significantly affect the quality of the human environment or the conservation of energy resources or historic resources and that no environmental or historic preservation conditions are required, although the Line does have a prominent bridge that replaced a previously prominent historic bridge. The replacement structure itself, was originally constructed over 90 years ago, although it has been modified over time.

The historic report identifies the Line as originally part of the Southside Railroad line that was a transportation resource important mainly to the Confederate forces and populations of Richmond and Petersburg during the Civil War. Of course, numerous books and articles have been written about Civil War topics, including the siege at Petersburg and Confederate retreat to Appomattox along and crossing the Line. The principal significant structure on this Line segment was the original High Bridge, which was the site of fighting and important to the retreat of the Confederate forces from the battle at Sailor's²⁰ Creek, not far to the east of the Line, to Appomattox Court House where they surrendered to Union forces three days later. NSR will work with the SHPO as may be required to document the more recent High Bridge structure. NSR also will be participating with government officials and other interested persons in the

²⁰This name has been spelled Saylor's and even Sayler's, with or without an apostrophe. The official name of the State Park at this location is "Sailor's Creek," although many documents or references will use one of the different spellings.

commemoration of the 150th anniversary of the construction of the original High Bridge next month. NSR will operate a special train to the bridge where a small ceremony will take place.²¹

CONCLUSION

Therefore, Norfolk Southern Railway Company respectfully petitions the Board to exempt, under 49 U.S.C. 10502, the abandonment of approximately 33.8 miles of railroad line between Milepost N-134.10 near Burkeville, VA and Milepost 167.90 near Pamplin City, VA, from the prior approval requirements of 49 U.S.C. 10903.

Respectfully submitted

NORFOLK SOUTHERN RAILWAY COMPANY

BY



C. W. Moorman
Senior Vice President
Corporate Planning and Services

Dated: September 29, 2004

Of Counsel:

James R. Paschall
General Attorney
Norfolk Southern Railway Company
Three Commercial Place
Norfolk, Virginia 23510-2191

(757) 629-2759

²¹NSR previously deeded the old passenger station at Farmville to the Town, which has remodeled the building.

VERIFICATION

Commonwealth of Virginia)
) ss
City of Norfolk)

C. W. Moorman makes oath and says that he is Senior Vice President Corporate Planning and Services of Norfolk Southern Railway Company, the petitioner herein; that he has been authorized by the petitioner to verify and file with the Surface Transportation Board the foregoing petition in STB Docket No. AB-290 (Sub-No. 252X); that he has carefully examined all of the statements in the petition as well as the exhibits attached thereto and made a part thereof; that he has knowledge of the facts and matters relied upon in the petition; that all representations set forth therein are true and correct to the best of his knowledge, information, and belief.

C. W. Moorman

Subscribed and sworn to before me, a notary public
in and for the State and City above named, this
29th day of September 2004.

Donna J. Salani
Notary Public

My commission expires: My Commission Expires April 30, 2007

VERIFICATION

Commonwealth of Virginia)
) ss
City of Norfolk)

Jani Marie Lipps makes oath and says that she is a Manager, in the Strategic Planning Department of Norfolk Southern Railway Company, the petitioner in this proceeding, STB Docket No. AB-290 (Sub-No. 252X); that she has been authorized by the petitioner to verify the traffic, revenue and cost figures and calculations in the foregoing petition; that she obtained traffic, revenue and cost information from company records or from persons with a business duty to keep and report those records accurately; that she has made the calculations, prepared the exhibits, and carefully examined all of the statements in the petition as well as the exhibits that relate to traffic, revenue or costs; that she has knowledge of the facts and matters relied upon in the petition with respect to traffic, revenue and costs; that all representations set forth in the petition and exhibits as to those matters are true and correct to the best of her knowledge, information, and belief.


Jani Marie Lipps

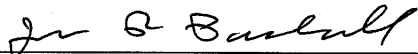
Subscribed and sworn to before me, a notary public
in and for the State and City above named, this
29th day of September 2004.


Notary Public

My commission expires: My Commission Expires April 30, 2007

CERTIFICATE OF SERVICE

I certify that the foregoing petition in STB Docket No. AB-290 (Sub-No. 252X) has been served on the Theodore V. Morrison Jr., Chairman, Virginia State Corporation Commission, 1300 East Main Street, P.O. Box 1197, Richmond, VA 23218-1197; the United States Department of Defense, Military Traffic Management Command (MTMCTEA), Transportation Engineering Agency, Railroads for National Defense Program, 720 Thimble Shoals, Blvd., Suite 130, Newport News, VA 23606-2574; Mr. Tom Ross, Chief of National Recreation and Trails, U. S. Department of the Interior - National Park Service, Recreation Resources Assistance Division, P.O. Box 37127, Washington, D.C., 20013-7127; and U. S. Department of Agriculture, Chief of the Forest Service, 4th Floor N.W., Auditors' Building, 14th Street and Independence Avenue, S.W., Washington, D.C. 20250; Karen J. Rae, Director, Virginia Department of Rail and Public Transportation, 1313 East Main Street, Suite 300, P. O. Box 590, Richmond, VA 23218-0590; Robert Munson, Environmental Program Manager, Department of Conservation & Recreation, Division of Planning and Recreation Resources, 203 Governor St. Suite 326, Richmond, VA 23219; Sarah Puckett, Assistant County Administrator, Prince Edward County, P. O. Box 382, Farmville, VA 23901; Sherry Swinson, Assistant County Administrator, Cumberland County, P. O. Box 110, Cumberland, VA 23040; and SMI Rebar - Farmville, 300 SMI Way, P.O. Box 586, Farmville, VA 23901 (a unit of CMC Steel Group, part of the Commercial Metals Company); and Farmers Cooperative, Inc., 312 West 3rd Street, Farmville, VA 23901 (Southern States Cooperative, Inc.) as well as Everette Davis, Traffic Manager, Southern States Co-operative, Inc., P. O. Box 26234, Richmond, VA 23260, the only active shippers receiving service on the Line within the past two years, on September 29, 2004, by first class mail, postage prepaid.


James R. Paschall

Dated: September 29, 2004

Federal Register: _____, 2004 (Volume 69, Number ____)]
[Notices]
[Page ____]

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board
[STB Docket No. AB-290 (Sub-No. 252X)]

Norfolk Southern Railway Company - Abandonment Exemption - in Nottoway, Prince Edward, Cumberland and Appomattox Counties, Virginia

On September __, 2004, Norfolk Southern Railway Company (NSR) filed with the Surface Transportation Board (Board) a petition under 49 U.S.C. 10502 for exemption from the provisions of 49 U.S.C. 10903, to abandon an approximately 33.8-mile line of railroad, extending between Milepost N-134.10 near Burkeville, VA and Milepost 167.90 near Pamplin City, VA (the Line) in Nottoway, Prince Edward, Cumberland and Appomattox Counties, VA. The Line traverses United States Postal Service Zip codes 23040, 23901, 23909, 23922, 23958, 23960 and 23966 and includes the stations of Rice, VA, Farmville, VA and Prospect, VA. Service will continue to the stations of Burkeville, VA and Pamplin City, VA.

The Line does not contain federally granted rights-of-way. Any documentation in NSR's possession will be made available promptly to those requesting it.

The interest of railroad employees will be protected by the conditions set forth in *Oregon Short Line R. Co.--Abandonment--Goshen*, 360 I.C.C. 91 (1979).

By issuance of this notice, the Board is instituting an exemption proceeding pursuant to 49 U.S.C. 10502(b). A final decision will be issued by _____, 2005. Any offer of financial assistance (OFA) under 49 CFR 1152.27(b)(2) will be due no later

than 10 days after service of a decision granting the petition for exemption. Each offer must be accompanied by a \$1,000 filing fee. See 49 CFR 1002.2(f)(25).

Any request for a public use condition under 49 CFR 1152.28 or for trail use/rail banking under 49 CFR 1152.29 will be due no later than _____, 200_. Each trail use request must be accompanied by a \$150 filing fee. See 49 CFR 1002.2(f)(27).

All filings in response to this notice must refer to STB Docket No. AB-290 (Sub-No. 252X) and must be sent to: (1) Surface Transportation Board, Office of the Secretary, Case Control Unit, 1925 K Street, N.W., Washington, DC 20423-0001, and (2) James R. Paschall, Norfolk Southern Railway Company, Three Commercial Place, Norfolk, VA 23510.

Replies to the NSR petition are due on or before _____, 2004.

Persons seeking further information concerning abandonment procedures may contact the Board's Office of Public Services at (202) 565-1592 or refer to the full abandonment or discontinuance regulations at 49 CFR part 1152. Questions concerning environmental issues may be directed to the Board's Section of Environmental Analysis (SEA) at (202) 565-1545. [TDD for the hearing impaired is available at 1-800-877-8339.]

An environmental assessment (EA) (or environmental impact statement (EIS), if necessary) prepared by SEA will be served upon all parties of record and upon any agencies or other persons who commented during its preparation. Other interested persons may contact SEA to obtain a copy of the EA (or EIS). EAs in these abandonment proceedings normally will be made available within 60 days of the filing of

the petition. The deadline for submission of comments on the EA will generally be within 30 days of its service.

Board decisions and notices are available on our website at www.stb.dot.gov

Decided: _____, 2004.

By the Board, David M. Konschnik, Director, Office of Proceedings.

Vernon A. Williams,

Secretary.

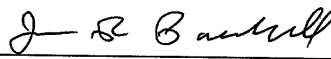
[FR Doc. _____ Filed _____]

BILLING CODE _____

CERTIFICATION

SERVICE OF ENVIRONMENTAL AND HISTORIC REPORTS NEWSPAPER NOTICE - 49 C.F.R. §1152.50(d)(1)

I hereby certify (1), pursuant to 49 C.F.R. §1105.11, that Environmental and Historic Reports related to the Petition for Exemption in Docket No. AB-290 (Sub-No. 252X), Norfolk Southern Railway Company - Petition for Exemption - Abandonment Between Burkeville, VA and Pamplin City, VA - in Nottoway, Prince Edward, Cumberland and Appomattox Counties, Virginia were submitted to the agencies identified in 49 C.F.R. §1105.7(b) and to the Virginia State Historic Preservation Officer (see Exhibit 4); and (2) that the newspaper notice required by 49 C.F.R. §1152.50(d)(1) was given through publication in the Blackstone Courier Record (Nottaway County) on September 9, 2004, the Farmville Herald (Prince Edward and Cumberland Counties) on September 8, 2004, and the Times-Virginian (Appomattox County) on September 8, 2004 (see Exhibit 5).


James R. Paschall

Dated: September 29, 2004

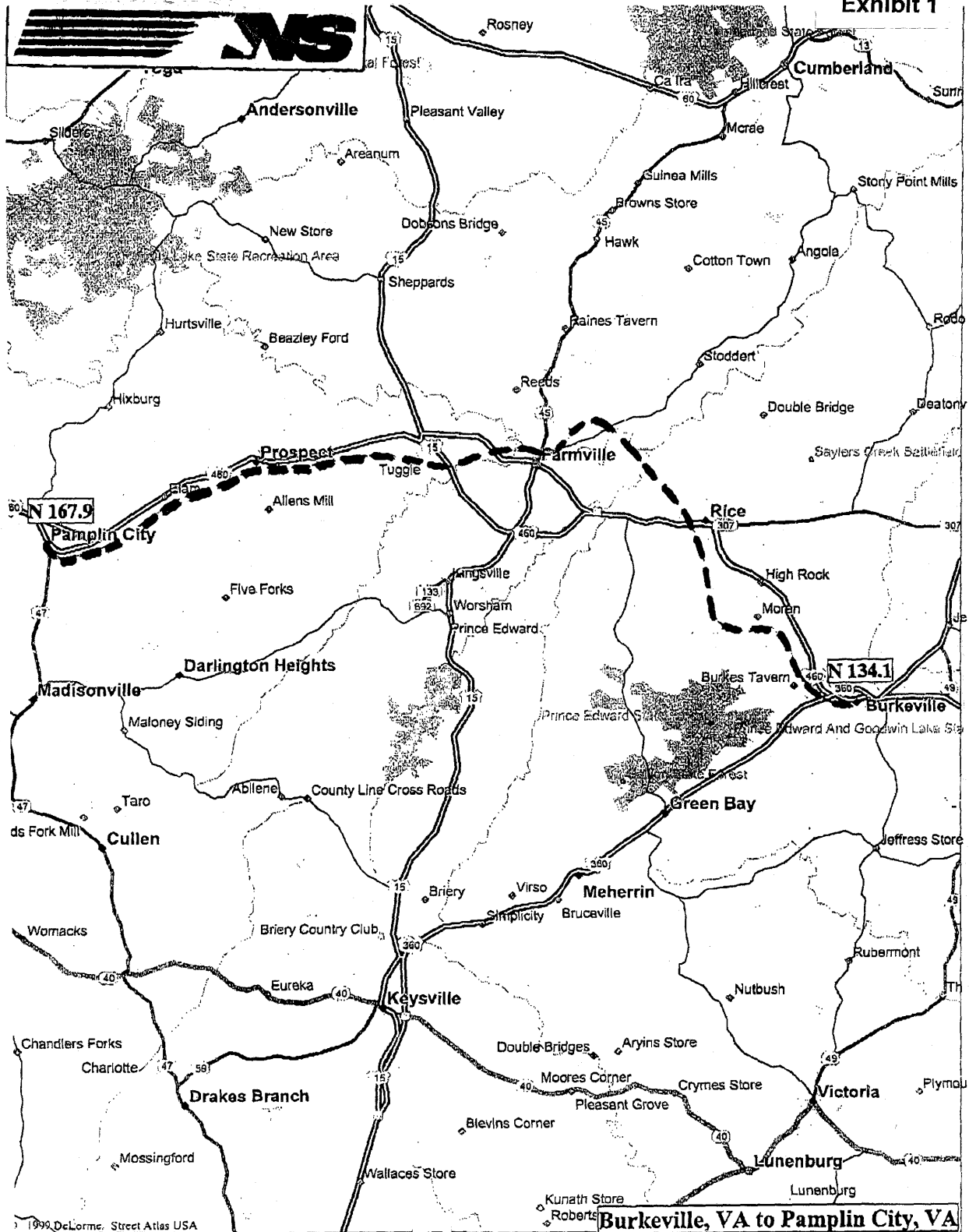


EXHIBIT 2

PRO FORMA TRAFFIC/REVENUE STATEMENT

Norfolk Southern Railway Company
Pro Forma Traffic/Revenue Statement

Scenario I

Proposed Abandonment: Burkeville to Pamplin, VA Branch Line
Operating Costs: April 1, 2003 to March 31, 2004
Rail Freight Delivery at Farmville, VA
Service via Branch Line: Pamplin to Burkeville, VA

Farmville Traffic Grid

Station	CL TR*	STCC	Cars	Tons	NS Revenue
Farmville	2C	BARS, IORS, NEC	6	536	\$ 11,909
		DIAMMONIUM FERT	9	893	\$ 14,874
		PTSM CHLORIDE	3	300	\$ 4,482
		SHEET STEEL	1	86	\$ 1,983
		SOYBEAN HULLS	1	89	\$ 732
		SOYBEAN OIL MEAL	2	177	\$ 3,586
		UREA OT LIQOLQD	1	100	\$ 2,450
		Class Total	23	2,181	\$ 40,016
Farmville	3C	BARS, IORS, NEC	129	12,812	\$ 114,162
	3C	DIAMMONIUM FERT	1	97	\$ 2,793
	3C	PTSM CHLORIDE	5	500	\$ 9,402
		Class Total	135	13,409	\$ 126,357
Study Total			158	15,590	\$ 166,373

*Class traffic 2C originates off-branch on the NS system and terminates on the branch (inbound to the branch)

*Class traffic 3C originates on another carrier, is interchanged off-branch onto the NS system where it terminates on the branch (inbound to the branch).

Norfolk Southern Railway Company
Pro Forma Traffic/Revenue Statement

Scenario II

Proposed Abandonment: Burkeville to Pamplin, VA Branch Line
Operating Costs: April 1, 2003 to March 31, 2004
Rail Freight Delivery at Farmville, VA
Service via Branch Line Segment:
Burkeville to Farmville, VA

Farmville Traffic Grid

Station	CL TR*	STCC	Cars	Tons	NS Revenue
Farmville	2C	BARS, IORS, NEC	6	536	\$ 11,909
		DIAMMONIUM FERT	9	893	\$ 14,874
		PTSM CHLORIDE	3	300	\$ 4,482
		SHEET STEEL	1	86	\$ 1,983
		SOYBEAN HULLS	1	89	\$ 732
		SOYBEAN OIL MEAL	2	177	\$ 3,586
		UREA OT LIQOLQD	1	100	\$ 2,450
		Class Total	23	2,181	\$ 40,016
Farmville	3C	BARS, IORS, NEC	129	12,812	\$ 114,162
	3C	DIAMMONIUM FERT	1	97	\$ 2,793
	3C	PTSM CHLORIDE	5	500	\$ 9,402
		Class Total	135	13,409	\$ 126,357
Study Total			158	15,590	\$ 166,373

*Class traffic 2C originates off-branch on the NS system and terminates on the branch (inbound to the branch)

*Class traffic 3C originates on another carrier, is interchanged off-branch onto the NS system where it terminates on the branch (inbound to the branch).

Norfolk Southern Railway Company
Pro Forma Traffic/Revenue Statement
Scenario III

Proposed Abandonment: Burkeville to Pamplin, VA Branch Line
Operating Costs: April 1, 2003 to March 31, 2004
Rail Freight Delivery at Farmville, VA
Service via Branch Line Segment:
Pamplin to Farmville, VA

Farmville Traffic Grid

Station	CL TR*	STCC	Cars	Tons	NS Revenue	
2nd Qtr. 2003 thru 1st Qtr. 2004						
Farmville	2C	BARS, IORS, NEC	6	536	\$ 11,909	
	2C	DIAMMONIUM FERT	9	893	\$ 14,874	
	2C	PTSM CHLORIDE	3	300	\$ 4,482	
	2C	SHEET STEEL	1	86	\$ 1,983	
	2C	SOYBEAN HULLS	1	89	\$ 732	
	2C	SOYBEAN OIL MEAL	2	177	\$ 3,586	
	2C	UREA OT LIQOLQD	1	100	\$ 2,450	
Class Total			23	2,181	\$ 40,016	
Farmville	3C	BARS, IORS, NEC	129	12,812	\$ 114,162	
	3C	DIAMMONIUM FERT	1	97	\$ 2,793	
	3C	PTSM CHLORIDE	5	500	\$ 9,402	
	Class Total		135	13,409	\$ 126,357	
Study Total				158	15,590	\$ 166,373

*Class traffic 2C originates off-branch on the NS system and terminates on the branch (inbound to the branch)

*Class traffic 3C originates on another carrier, is interchanged off-branch onto the NS system where it terminates on the branch (inbound to the branch).

EXHIBIT 3

REVENUE AND COST CALCULATIONS

WORK PAPERS

Scenario I:

The crew providing service on the Line, Job No. V05V2, operates off-branch via: Crewe to Burkeville, then from Burkeville to Pamplin via the B-Line. Once at Pamplin, the crew goes on-branch at Pamplin, traverses to Farmville, carries out switching of traffic at Farmville; and then proceeds to Burkeville. Upon arriving at Burkeville, the crew traverses off-branch from Burkeville to Crewe. Operating speed is 25 mph for both on-branch and off-branch movements.

	<u>Route via Stations</u>	<u>MP</u>		<u>Miles</u>		<u>Running Time (Hrs/Minutes)</u>
					<u>Off-Branch</u>	
Off Branch Miles/Time	Crewe	MP N 128.90	4.50	00.00		00' 00"
	Burkeville	MP N 133.40		04.50		00' 11"
	<u>Over B Line</u>					
	Burkeville	MP B 00.00	36.90	04.50		
On-Branch Miles/Time	Pamplin	MP B 36.90		41.40		01' 40"
	Pamplin	MP N 169.10		41.40		
	Pamplin	MP N 167.90	1.20	42.60		01' 43"
	<u>On-Branch</u>					
On-Branch Miles/Time	Pamplin	MP N 167.90	18.80	00.00		
	Farmville	MP N 149.10		18.80		00' 45"
	<u>Switching at Farmville – 1 Hour</u>					
	Farmville	MP N 149.10	15.00	18.80		01' 45"
Off-Branch Miles/Time	Burkeville	MP N 134.10		33.80		02' 21"
	<u>Off-Branch</u>					
	Burkeville	MP N 134.10		00.00		00' 00"
	Crewe	MP N 128.90	5.20	05.20		00 12"

RECAP: Scenario I

Total Off-Branch Miles:	47.80
Total Off-Branch Time:	01' 55"
Total On-Branch Miles:	33.80
Total On-Branch Time:	01' 21"
Total Switching Time:	01' 00"
Total Miles	81.60
Total Time - Off/On-Branch/Switching	4' 16"

Calculation: Actual Annual On-Branch Crew Time/Cost (Job. No. V05V2) –

On-branch Crew Time: 2' 21" (2.35 hrs) /trip x 3/trips per week = 7' 03" (7.05 hrs)/week x 52 weeks = 366.60 hrs ÷ 8 hrs (train trip day) = 45.83 days per year.

On-branch Crew Cost: Total base year crew wages: \$122,216 (Engineer: \$64,820; Conductor: \$57,396) + 293 (total annual trip days) x 42.90 serving days per year = \$19,117 + \$13,286 fringe = \$32,403 Crew Cost.

Norfolk Southern Railway Company
Pro Forma Income Statement
Scenario I

Per the proposed abandonment of the Burkeville to Pamplin, VA branch line – MP N 134.10 to N 167.90, following are railway operating revenues and expenses* based on providing rail freight delivery to Farmville, VA (MP N 149.10), via operation over the branch line from: Pamplin to Burkeville, VA – N 167.90 to 134.10, a distance of approximately 33.80 miles.

	Base Year 1 / 158 CL	Forecast Year 2 / 158 CL
REVENUES ATTRIBUTABLE FOR:		
1. Freight Originating and/or Terminating on Branch	\$ 166,373	\$ 172,698
2. Bridge Traffic		
3. All Other Revenue and Income		
4. TOTAL ATTRIBUTABLE REVENUE (Lines 1 through 3) (a)	\$ 166,373	\$ 172,698
AVOIDABLE COSTS FOR:		
5. ON-BRANCH COSTS:		
a. Way and Structures (b)	\$ 219,010	\$ 227,335
b. Equipment (c)	11,859	12,367
c. Transportation (d)	51,967	53,941
d. General and Administrative		
e. Deadheading, Taxi and Hotel		
f. Overhead Movement		
g. Freight Car Costs (Other Than Return) (e)	1,475	1,531
h. Return on Value - Locomotives (f)	2,569	1,805
i. Return on Value - Freight Cars (e)	9,049	9,393
j. Revenue Taxes		
k. Property Taxes		
l. TOTAL (Lines 5a through 5k)	\$ 295,928	\$ 306,372
m. Holding Gain (Loss) - Locomotives (f)		557
n. Holding Gain (Loss) - Freight Cars (e)		1,048
o. NET ON-BRANCH COSTS (Lines 5l - (5m+5n))	\$ 295,928	\$ 304,767
6. OFF BRANCH COSTS: (g)		
a. Off-Branch Costs (Other than Return)	\$ 81,819	\$ 84,929
b. Return on Value - Freight Cars	12,485	12,960
c. Holding Gain (Loss) - Freight Cars		1,447
d. NET OFF-BRANCH COSTS (Lines 6a + 6b - 6c)	\$ 94,304	\$ 96,442
7. TOTAL AVOIDABLE COSTS (Lines 5o + 6d)	\$ 390,232	\$ 401,209
SUBSIDIZATION COSTS FOR:		
8. Rehabilitation		
9. Administrative Costs (Subsidy Year Only) (See Note 1)		
10. Casualty Reserve Account (See Note 1)		
11. TOTAL SUBSIDIZATION COST (Lines 8 through 10)		
12. Valuation of Road Properties (See Note 2)		
a. Working Capital	11,896	12,313
b. Income Tax Consequences	(1,082,496)	(1,136,621)
c. Net Liquidation Value	2,925,665	3,071,948
d. TOTAL (Lines 12a through 12c)	1,855,065	1,947,640
13. Nominal Rate of Return (See Note 3)	14.93%	14.93%
14. Nominal Return on Value (Line 12d x 13)	276,917	290,736
15. Holding Gain (Loss) (See Note 4)		146,283
16. TOTAL RETURN ON VALUE (Line 14 - 15)	276,917	144,453
17. AVOIDABLE LOSS (PROFIT) FROM OPERATIONS (Lines 7 - 4)	223,859	228,511
18. AVOIDABLE LOSS INCLUDING RETURN ON VALUE (Lines 7 - 4+16)	\$ 500,776	\$ 372,964

* Derived from Norfolk Southern Corporation (NS) combined railroad subsidiaries information.

1_/ April 2003 – March 2004 is the Base Year

2_/ September 2004 – August 2005 is the Forecast Year 54

Norfolk Southern Railway Company
Pro Forma Income Statement
Scenario I

- (a) Base year attributable branch traffic and revenues are for one hundred fifty-eight (158) carloads, which originated and/or terminated on the branch. Forecast year attributable traffic and revenue are for the same one hundred fifty-eight (158) carloads, which originated and/or terminated on the branch. Forecast year revenues are derived from the base year revenues indexing them to the Gross Domestic Product (GDP) Implicit Price Deflator, Seasonally Adjusted (Quarterly Series, 2000=100), using Forecast Year predicted values provided by Global Insight. The Base Year to Forecast Year adjustment factor thus produced is 3.80%.
- (b) The normalized annual Way and Structures (WS) expenses to operate the branch line between Burkeville, VA, Milepost N 134.10 and Pamplin, VA, Milepost N 167.90, at the FRA Class I (10 MPH) track and safety standards for the base year are \$ 219,010. WS expenses to operate the branch between Burkeville, VA Milepost N 134.10 and Pamplin, VA Milepost N 167.90, for the forecast year are \$227,335, derived from the base year expense adjusted using the GDP deflator as described in (a).
- (c) Equipment includes repairs and maintenance of locomotives, totaling \$5,369, which is calculated in accordance with provisions of 49 C.F.R. §1152.33(b)(1), fringe benefits, totaling \$816, which is calculated in accordance with provisions of 49 C.F.R. §1152.33(b)(3), and depreciation of locomotives, totaling \$5,675, which is calculated in accordance with provisions of 49 C.F.R. §1152.32(o) and §1152.33(b)(2), totaling \$11,859 for the base year. Base year expenses are adjusted using the GDP deflator as described in (a) to produce the forecast year expense of \$12,367.
- (d) Base year transportation expenses are per the operation of a local train on the branch line between Burkeville, VA, Milepost N 134.10 and Pamplin, VA Milepost N 167.90, which provides service at Farmville, VA (MP N 149.10) to the only customers located on the branch line. NS provided local service approximately 156 times in the base year. A two-man crew operates the local train service, which takes approximately 2.35 hours.

Base year transportation expenses include the train and engine crew (T&E) labor (2 man crew), totaling \$32,403 (including fringe benefits), which is calculated on the average costs of the crew, T&E material account 21-31-57, totaling \$8, which is calculated in accordance with the provisions of 49 C.F.R. §1152.33(c)(1)(i), train inspection and lubrication, totaling \$299, which is calculated in accordance with provisions of 49 C.F.R. §1152.33(c)(1)(i), locomotive fuel, totaling \$18,209, which is calculated in accordance with provisions of 49 C.F.R. §1152.33(c)(1)(ii), and servicing locomotives, totaling \$1,047, which is calculated in accordance with provisions of 49 C.F.R. §1152.33(c)(1)(iv), totaling \$51,967 for the base year.

Forecast year transportation expenses, which are adjusted using the GDP deflator as described in (a), include the train and engine crew (T&E) labor (2 man crew), totaling \$33,635 (including fringe benefits), T&E material account 21-31-57, totaling \$9, which is calculated in accordance with the provisions of 49 C.F.R. §1152.33(c)(1)(i), train inspection and lubrication, totaling \$310, locomotive fuel, totaling \$18,901, and servicing locomotives, totaling \$1,086, which is calculated in accordance with provisions of 49 C.F.R. §1152.33(c)(1)(iv), totaling \$53,941 for the forecast year.

- (e) Calculated in accordance with provisions of 49 C.F.R. §1152.32(g).
- (f) Calculated in accordance with provisions of 49 C.F.R. §1152.32(h).
- (g) Off-branch costs are calculated in accordance with 49 C.F.R. §1152.32(n). Forecast year expenses for the Burkeville to Pamplin, VA Branch Line are calculated by adjusting the Base Year off-Branch costs using the GDP deflator as described in (a).

Norfolk Southern Railway Company
Pro Forma Income Statement
Scenario I

- Note 1. Omitted in accordance with provisions of Footnote 2 in 49 C.F.R. §1152.36.
- Note 2. Total valuation of properties is the sum of working capital, income tax consequences and net liquidation value (NLV). Working capital is calculated in accordance with provisions of 49 C.F.R. §1152.34(c)(1)(i). The base year estimated income tax consequences are \$ 1,082,496; \$2,925,665, the net liquidation value of the track and structures on the Burkeville, VA Milepost N 134.10 to Pamplin, VA Milepost N 167.90 Branch Line, multiplied by 37%, the F.I.T. and state tax rates. The forecast year estimated income tax consequences are \$1,136,621; \$3,071,948, the forecasted year net liquidation value of the track and structures on the Burkeville, VA Milepost N 134.10 to Pamplin, VA Milepost N 167.90 Branch Line, multiplied by the 37% tax rate. The fair market value of right-of-way land held in fee is not available at this time.
- Note 3. The nominal before tax cost of capital rate of 14.93% is based on Railroad Cost of Capital - 2003, Ex Parte No. 558 (Sub-No.7), Service Date June 28, 2004, decided June 22, 2004.
- Note 4. Holding gain (loss) on road properties is calculated in accordance with provisions of 49 C.F.R.1152.34(e). \$3,071,948 the net liquidation value of the Burkeville to Pamplin, VA Branch at the end of the forecast year, less \$2,925,665, the net liquidation value of the Burkeville to Pamplin, VA Branch for the current year, totaling \$146,283.

Norfolk Southern Railway Company
Opportunity Cost Statement
Scenario I

Proposed Abandonment: Burkeville to Pamplin, VA Branch Line
Rail Freight Delivery at Farmville, VA
Service via Branch Line:
Pamplin to Burkeville, VA

1.	Current net liquidation value	\$	2,925,665 ¹
2.	Cost of capital	x	.1493 ²
3.	Nominal opportunity cost (Line 1 times line 2)	\$	436,802
4.	Holding gain (loss)		146,283 ¹
5.	Opportunity cost (Line 3 less line 4)	\$	290,519

¹ \$2,925,665 is the net liquidation value for the Burkeville to Pamplin, VA Branch for the current year. Using \$3,071,948 as the net liquidation value for the Burkeville to Pamplin, VA Branch at the end of the forecast year produces a holding gain (loss) of \$146,283.

² Based on Railroad Cost of Capital - 2003, Ex Parte No. 558 (Sub-No. 7), Service Date June 28, 2003, the nominal before tax cost of capital is 14.93%.

RPD

NORFOLK SOUTHERN CORPORATION

ATLANTA 02-Apr-04

NET LIQUIDATION VALUE ESTIMATE
BURKEVILLE TO PAMPLIN CITY, VA

SCENARIO I

N 134.10 – N 167.90

33.80 MILES OF MAIN TRACK

GROSS VALUE:

132	#RAIL:	6.50 MI	1,435	NT @	\$315 /NT =	\$451,868
	#OTM:		562	NT @	\$324 /NT =	\$182,218
131	#RAIL:	0.00 MI	0	NT @	\$200 /NT =	\$0
	#OTM:		0	NT @	\$324 /NT =	\$0
130	#RAIL:	27.30 MI	5,934	NT @	\$315 /NT =	\$1,869,116
	#OTM:		2,361	NT @	\$324 /NT =	\$764,883
115	#RAIL:	0.00 MI	0	NT @	\$352 /NT =	\$0
	#OTM:		0	NT @	\$324 /NT =	\$0
112	#RAIL:	0.00 MI	0	NT @	\$280 /NT =	\$0
	#OTM:		0	NT @	\$324 /NT =	\$0
110	#RAIL:	0.00 MI	0	NT @	\$192 /NT =	\$0
	#OTM:		0	NT @	\$324 /NT =	\$0
100	#RAIL:	0.00 MI	0	NT @	\$300 /NT =	\$0
	#OTM:		0	NT @	\$324 /NT =	\$0
80	#RAIL:	0.00 MI	0	NT @	\$ 99 /NT =	\$0
	#OTM:		0	NT @	\$324 /NT =	\$0
75	#RAIL:	0.00 MI	0	NT @	\$ 99 /NT =	\$0
	#OTM:		0	NT @	\$324 /NT =	\$0
60	#RAIL:	0.00 MI	0	NT @	\$ 99 /NT =	\$0
	#OTM:		0	NT @	\$324 /NT =	\$0
TURNOUTS:			10	EA @	\$2,000 EA =	\$20,000
CROSSTIES: 45 %			48,185	EA @	\$5.00 EA =	\$240,925

GROSS VALUE SUBTOTAL = \$3,529,010

REMOVAL COSTS:

REMOVE TRACK AND REPAIR

GRADE CROSSINGS:	33.80	MI. @	\$14,000 /MI. =	(\$473,200)
REMOVE TURNOUTS:	10	EA @	\$500 EA =	(\$5,000)
HANDLING COSTS:	13,905	NT @	\$9.00 /NT =	(\$125,145)

REMOVAL COSTS SUBTOTAL = (\$603,345)
=====

\$2,925,665

ESTIMATED NET LIQUIDATION VALUE =
BURKEVILLE to PAMPLIN CITY, VA

33.80 MILES OF MAIN TRACK

\$86,558 PER MILE

(NM)
10 MPH
CLASS I

NO OVERHEAD TRAFFIC

REHABILITATION

ROUTINE WORK

INSPECTION
GENERAL TRACK REPAIR
RAIL TESTING
VEGETATION CONTROL
BRIDGE REPAIRS
ROUTINE
SUBTOTAL

\$234 PER MILE
\$1,173 PER MILE
\$72 PER MILE
\$228 PER MILE
BRIDGE DEPT.

MILEPOSTS N 33.80 MILES MAIN TRACK

2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
7,900	7,900	7,900	7,900	7,900	7,900	7,900	7,900	7,900	7,900
39,600	39,600	39,600	39,600	39,600	39,600	39,600	39,600	39,600	39,600
2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400
7,700	7,700	7,700	7,700	7,700	7,700	7,700	7,700	7,700	7,700
16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000
\$73,600	\$73,600	\$73,600	\$73,600	\$73,600	\$73,600	\$73,600	\$73,600	\$73,600	\$73,600

PROGRAM WORK

RAIL RENEWAL
TIMBER AND SURFACE
SURFACING
BRUSH CUTTING
DITCHING
BRIDGE RENEWAL - CAPITAL
EXPENSE
PROGRAM
SUBTOTAL

0 \$470,000 PER MILE
0 67,000 PER MILE
0 11,000 PER MILE
0 \$508 PER MILE
0 \$599 PER MILE
BRIDGE DEPT.

17,200	60,600	60,600	60,600	60,600	60,600	60,600	60,600	60,600	60,600
20,000	20,000	338,500	338,500	338,500	338,500	338,500	338,500	338,500	338,500
2,500	2,500	48,500	48,500	48,500	48,500	48,500	48,500	48,500	48,500
\$80,600	\$80,600	\$100,300	\$447,600	\$447,600	\$77,800	\$80,600	\$80,600	\$77,800	\$80,600
\$134,200	\$134,200	\$173,900	\$521,200	\$521,200	\$151,400	\$134,200	\$134,200	\$151,400	\$134,200

MAINTENANCE SUMMARY:

TEN YEAR PROJECTED TOTAL =
ANNUAL COST FOR LINE =
ANNUAL COST PER MILE =

ROUTINE WORK	PROGRAM WORK	LINE TOTAL
RDWY BRIDGE	RDWY BRIDGE	
576,000	657,600	\$2,190,100
57,600	65,760	\$219,010
1,704	1,946	\$8,480

ACTUAL CREW COSTS
Burkeville to Pamplin, VA - Base Year 04/03 through 03/04

CA CD	CA/CD Description	Gross Amount	Add	To Net	Prod	Ind	Prod	Elig	Prod	Train Num	Function Code
					Ind	Ind	Fund	Fund	Fund		
AE	PERSONAL AUTO MILEAGE ALLOWANCE	48.24			N					1	7019
CM	CALLER COMMENTS	0			N					1	7019
D7	WEEKEND/HOLIDAY DIFFERENTIAL	140			N					20	7019
D7	WEEKEND/HOLIDAY DIFFERENTIAL	14			N					2	7018
HO	HOLIDAY (OTHER THAN CANADIAN)	306.48			N					4	7018
HO	HOLIDAY (OTHER THAN CANADIAN)	342.9			N					2	7019
HW	WORKING HOLIDAY AT OVERTIME RATE	257.54			Y					2	7018
HW	WORKING HOLIDAY AT OVERTIME RATE	257.4			N					1	7019
IW	INSTRUCTIONAL WORKSHOPS	171.45			N					1	7019
IW	INSTRUCTIONAL WORKSHOPS	153.24			N					1	7018
NO	NOT CALLED IN TURN	0			N					2	7019
NU	CALLED AND NOT USED	42.73			N					1	7019
OM	OVERMILES	532.88			N					6	7019
OT	OVERTIME	427.52			N					7	7019
OT	OVERTIME	349.69			N					13	7018
PE	PENALTY CLAIM	171.45			N					1	7019
PL	PERSONAL LEAVE	448.65			N					3	7018
RO	REDUCED CREW ALLOWANCE - COND ONLY	1,035			N					69	7018
SD	SPECIFIED RUN RULE - MILES TO TURN	0			N					10	7018
SQ	SAFETY MEETING SPECIAL WORKSHOPS	0			N					2	7019
SR	SPECIFIED RUN RULE - REPORT TURN TIME	13,871.44			N					10	7019
ST	STRAIGHT TIME	12,448.29			N					80	7019
ST	STRAIGHT TIME	342.9			Y					69	7018
UA	USED OFF ASSIGNED TERRITORY	308.48			N					2	7019
UA	USED OFF ASSIGNED TERRITORY				N					2	7018
Total Wages											
Per train at 80 trains											
Health and Welfare											
Engineer											
Conductor											
Other											
Total Payroll rolling 12 months											
Engineer payroll rolling 12 months											
Conductor payroll rolling 12 months											
Other payroll rolling 12 months											
Per Train at 293 trains											
Health and Welfare											
Scenario I											
Engineer											
Conductor											
Scenario II											
Engineer											
Conductor											
Scenario III											
Engineer											
Conductor											
Scenario IV											
Engineer											
Conductor											

Background

Burkeville to Pamplin, VA - Scenario I

(Numbers in red change once a year)
(Numbers in blue change for specific branch line)

Background Data:

Base Year: 04/03 - 03/04
Forecast Year: 09/04 - 08/05

Beginning Milepost: 134.10
Ending Milepost: 167.90
Miles to abandon: 33.8
Trips per year: 156

Traffic:	Cars	Revenue
Orig or Term on branch	158	166,373
Switching	0	0
Bridge	0	0
Other	0	0
	158	166,373

01

Crew Stats:

Notes:

	Basic Lonesome	Fringe Productivity	TOTAL
Conductor	\$8,978	0 \$6,240	\$15,218
Brakeman	\$0.00	0 \$0	\$0
Engineer	\$10,139	0 \$7,047	\$17,186
Totals	\$19,117	0 \$13,286	\$32,403

Loco Stats: (from loco master)

Category Loco Used: 7
Number Used: 1
Average Tons: 174.5
2003 Age: 24.9

Number days per week serve branch line? 0.88
crew size? 2
Roundtrip mileage crew taxied 0
Hours required to serve line (includes switching)? 2.35
Average number trips per week? 3
Average number days a car is on branch line? 4
Average MPH service on line? 25
Annualized Maintenance (Engineering) 219,010 Steve Morrell
Hours for loco ownership? 2.35 per day

Background

1. Loco Unit Hours

A. For ownership (Depreciation & ROI)

2.35 hrs/trip * 156 trips/yr = 366.6 hours/year

B. For Usage (fuel)

2.35 hrs/trip * 156 trips/yr = 366.6 hours/year

2. Loco Unit Miles

Running:

Milepost 167.9 less MP 134.1
33.8 miles * 1 = 33.8 miles
33.8 miles * 156 trips/yr = 5,273 miles

Switching:

approx. 60 minutes
1 hours * 6 MPH * 156 Trips/yr = 936 miles

2

TOTAL:

5,273 + 936 = 6,209 LUM

3. Loco Gross Ton Miles

6,209 LUM * 174.5 tons = 1,083,436 LGTM

Burkeville to Pamplin, VA - Scenario I

Burkeville to Pamplin, VA - Scenario I		ACCOUNT NO.	BASE YEAR	FORECAST YEAR	Spreadsheet/Source
		NO.	04/03 - 03/04	09/04 - 08/05	
GDP deflator adjustment:				3.80%	
Revenues:					
1 a. Freight Originated or Terminated on branch	101	166,373	172,698		
b. Switching	104	0	0		
c. Demurrage	106	0	0		
d. Other		0	0		
2 Bridge traffic (assignable to branch)		0	0		
3 All other revenue and income		0	0		
4 Total revenues attributable (lines 1 through 3)		166,373	172,698		
Avoidable cost:					
5 On-branch costs (from spreadsheets)					
a. Maintenance of way and structures		219,010	227,335	From Engineering	
b. Maintenance of equipment					
1 Locomotives:					
Repairs & maintenance	11-21-41 L	1,937	2,010	Loco Repairs	
	21-21-41 M	3,268	3,392	Loco Repairs	
	41-21-41 P	162	168	Loco Repairs	
	61-21-41 G	2	2	Loco Repairs	
Fringe benefits	12-21-00 G	816	847	Loco Repairs	
Depreciation	62-21-00 G	5,675	5,948	Loco Depreciation	
Total Locomotives		11,859	12,367		
2 Other		0	0		
Total Equipment		11,859	12,367		
c. Transportation					
1 Train operations					
Engine crews	11-31-56 L	17,186	17,839	Transportation	
	21-31-56 M	0	0	Crew Materials	
Train crews	11-31-57 L	15,218	15,796	Transportation	
	21-31-57 M	8	9	Crew Materials	
Train inspect. & lubr.	11-31-62 L	298	309	Crew Materials	
	21-31-62 M	1	1	Crew Materials	
Locomotive fuel		18,209	18,901	Loco Fuel	
Servicing locomotives	11-31-69 L	608	631	Loco Service	
	21-31-69 M	272	282	Loco Service	
	41-31-69 P	167	173	Loco Service	
	61-31-69 G	0	0	Loco Service	
Fringe benefits	12-31-00 G	0	0	Included in labor	
Total transportation		51,967	53,941		
d. General administrative		0	0		
e. Deadheading, taxi and hotel		0	0	Transportation	
f. Overhead movement		0	0		
g. Freight car costs (other than return on freight cars)		1,475	1,531	Car Cost	
h. Return on value - locomotives		2,569	1,805	Loco ROI	
i. Return on value - freight cars		9,049	9,393	Car Cost	
j. Revenue taxes		0	0		
k. Property taxes		0	0		
l. Total (lines 5a through 5k)		295,928	306,372		
m. Holding gain (loss)-locomotives			557	Loco Holding	
n. Holding gain (loss)-freight cars			1,048	Car Cost	
o. Net on-branch costs (lines 5l-(5m+5n))		295,928	304,767		
6 Off-branch costs					
a. Off-branch costs (other than return on freight cars)		81,819	84,929	Cost Dept.	
b. Return on value - freight cars		12,485	12,960	Cost Dept.	
c. Holding gain (loss)-freight cars			1,447	Cost Dept.	
d. Net off-branch costs (a+b-c)		94,304	96,442		
7 Total avoidable costs (line 5o + 6d)		390,232	401,209		
Subsidization costs:					
8 Rehabilitation		0	0		
9 Administrative costs		0	0		
10 Casualty reserve account		0	0		
11 Total subsidization costs (lines 8 thru 10)		0	0		
12 Valuation of road properties (lines 12a thru 12c)					
(a) Working capital		11,896	12,313	Working Capital	
(b) Income tax consequences		-1,082,486	-1,136,621	Working Capital	
(c) Net liquidation value		2,925,665	3,071,948	Working Capital	
Total valuation of properties		1,855,065	1,947,640	Working Capital	
13 Nominal rate of return		14.93%	14.93%	Pre Tax nominal rate	
14 Nominal return on value (line 12 * line 13)		276,917	290,736		
15 Holding gain (loss) on road properties			146,283		
16 Return on value (line 14-15)		276,917	144,453		
17 Avoidable loss (profit) from operations (line 7 - 4)		223,859	228,511		
(excludes nominal return on value and opportunity cost, which are avoidable costs).					
18 Avoidable Loss Including Return on Value (line 4-7+16)		500,776	372,964		

Burkeville to Pamplin, VA - Scenario I

8/19/2004

	A	B	C	D	E	F	G
1							Year of Study
2							Branch check
3							
4							
5							
6							
7							
8							
9							
10							
11	465						
12							
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45	459						
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A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	Q	R
1																
2																
3																
4																
5																
6																
7																
8																
9																
10																
11																
12																
13	Box-plain 40	1/														
14	Box-plain 50															
15	Box-equipped															
16	Gondola-plain															
17	Gondola-equipped															
18	Hopper-covered															
19	Hopper-open top GS															
20	Hopper-open S S															
21	Refer-mechanical															
22	Refer-non mech															
23	Flat-TOFC/COFC	3/														
24	Flat-multi level	3/														
25	Flat-gen service															
26	Flat-other															
27	Tank--Under 22,000 gals.															
28	Tank--22,000 gals. and over															
29	All Other Cars															
30																
31																
32	1/ No cars of this type left in service on Norfolk Southern															
33	2/ Based on actual car hire payments															
34	3/ Should these car types appear in abandonments, more in depth analyses is need for cost determination															
35	4/ Ex Parte 274 (Sub-11A) instructions															
36																
37																
38																
39																
40																
41																

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
42																		
43	All Other Cars			\$6,8185		\$0.0214		\$11,5219		\$2,0478		\$0.0070		\$0.0000			1.33	
44	Box-equipped			\$10.4988		\$0.0667		\$17.8889		\$2.3869		\$0.0269					2.07	
45	Box-plain 40	1/		\$0.0000		\$0.0000		\$0.0000		\$0.0000		\$0.0000						
46	Box-plain 50			\$31.0820		\$0.2226		\$30.7452		\$0.1673		\$0.0070						
47	Flat-gen service			\$0.2224		\$0.0715		\$21.5036		\$4.2993		\$0.0461					3.49	
48	Flat-multi level	3/		\$105.2025		\$0.1717		\$7.0839		\$0.1662		\$0.1160					2.49	
49	Flat-other			\$11.7676		\$0.0772		\$11.4807		\$1.9732		\$0.0202					0.82	
50	Flat-TOFC/COFC	3/		\$55.0319		\$0.1161		\$4.4828		\$1.6060		\$0.0071		\$0.3900			1.33	
51	Gondola-equipped			\$1.7510		\$0.0233		\$15.9127		\$0.0689		\$0.0011					0.52	
52	Gondola-plain			\$3.5070		\$0.0716		\$14.6666		\$5.1347		\$0.0567					1.84	
53	Hopper-covered			\$5.7008		\$0.0537		\$8.9197		\$0.9414		\$0.0124					1.70	
54	Hopper-open S S			\$5.1913		\$0.0865		\$20.3312		\$3.1477		\$0.0636		\$0.0457			1.03	
55	Hopper-open top GS			\$4.3733		\$0.0783		\$15.2081		\$3.6728		\$0.0612					2.36	
56	Refer-mechanical			\$24.3895		\$0.1234		\$0.0000		\$0.0000		\$0.0000					1.76	
57	Refer-non mech			\$14.5867		\$0.0902		\$12.3489		\$2.9707		\$0.0270					0.00	
58	Tank--22,000 gals, and over													\$0.2256			0.00	
59	Tank--Under 22,000 gals.													\$0.1801			0.00	

R-1 INFORMATION 2003
Scenario I

R-1 INFORMATION 2003

Sch 755:

	<u>FGHT</u>	<u>PSGR</u>
A) Ln 7 Train Miles	73,913,145	
B) Ln 11 Locomotive Unit Miles	165,463,558	
C) Ln 12 Locomotive Unit Miles Trn Swtg	8,675,538	
D) Ln 98 GTM Road Locomotives (000s)	30,236,142	
E) Ln 115 Trn Hrs Rd Svc	3,816,917	
F) Ln 116 Trn Swtg Hrs	880,697	
G) (Ln 116 * 6 mph) Trn Mi Rd Trn Swtg	5,284,182	
H) (A+G) Total Freight Train Miles	79,197,327	
I) [(Ln 11+Ln12)/Item H] Loco Units per Train	2.20	
J) [(Ln 115+Ln 116)*Item I] Loco Units Hours	10,329,114	
K) Ln 117 Yard Switching Hours	2,162,693	
L) Ln 13 Loco Unit Miles Yard Switching	14,526,876	
M) (Ln 117*6mph) Yard Switching Miles	12,976,158	
N) (Ln 13/Item M) Loco Units per Yard Switch	1.12	
O) (Ln 117*Item N) Loco Unit Hours Yard Switch	2,421,146	

Burkeville - Pamplin, VA
 Scenario I

R-1 INFORMATION 2003
Scenario I

NS 2003 System Car Miles L&E

R-1, Sch 755:

Line 30	1,316,369,000	RR L
Line 46	945,833,000	RR E
Line 64	1,033,279,000	PVT L
Line 82	681,318,000	PVT E
		No
Line 84	403,960,000	Payment
	4,380,759,000	

NS 2003 O&T's (excl DUP & incl TRL/CONT)

QCS 2003 L.Anderson-Acct (hardcopy only)

	Carloads				
Ln 48 Col B	Local	4,576,919	*	2	= 9,153,838
Ln 48 Col d	Fwd	538,940	*	1	= 538,940
Ln 48 Col f	Rc'd	1,676,410	*	1	= 1,676,410
Ln 48 Col h	Bridge	<u>52,040</u>	*	0	= <u>0</u>
		6,844,309			11,369,188

R1 – 2003

**R-1 INFORMATION 2003
Scenario I**

2003 FRINGE BENEFITS (Sch 410)

Acc		2003	2003	2003	2002
<u>Group</u>		<u>(000)</u>	<u>(000)</u>	<u>%</u>	<u>%</u>
WS	Run	109,588	80,558	73.51%	57.08%
	Swtg	7,413	2,801	37.78%	33.58%
	Oth	25,205	5,457	21.65%	19.34%
ME	Loco	72,133	30,376	42.11%	36.95%
	Fght Cars	44,113	16,087	36.47%	32.86%
	Oth	1,052	3,712	352.85%	246.92%
CT	Trn Op	618,576	226,257	36.58%	36.13%
	Yd Op	212,840	77,961	36.63%	33.93%
	Trn & Yd Op	406	161	39.66%	35.59%
	SPSVCOP	30,541	5,272	17.26%	16.81%
	Admin Supp	33,836	14,439	42.67%	35.48%
GA	Gen & Admin	15,500	6,638	42.83%	39.83%

CREW MATERIALS (Sch 410)

Engine Crew Material

In 402 Col (c) 75,000

Train Crew Material

In 403 Col (c) 1,406,000

Train Insp. & Lubrication

Wages In 408 Col (b) 49,728,000

Materials In 408 Col (c) 185,000

SERVICING LOCOMOTIVES (Sch 410)

System Labor Expense

In 411 Col (b) 16,204,000

System Material Expense

In 411 Col (c) 7,258,000

System Purchased Expense

In 411 Col (d) 4,454,000

System General Expense

In 411 Col (e) -

LOCOMOTIVE REPAIR (Sch 410)

System Labor Expense

In 411 Col (b) 58,801,000

System Material Expense

In 411 Col (c) 99,212,000

System Purchased Expense

In 411 Col (d) 4,918,000

System General Expense

In 411 Col (e) 57,000

R1 – 2003

**R-1 INFORMATION 2003
Scenario I**

Investment in Equipment: Diesel Locomotives

			Beg Yr		End Yr	Avg Yr
Sch 710	Ln 1 Col (b)	Fght	3,221	Col (J)	3,148	3,185
	Ln 2 Col (b)	Psg	0	Col (J)	0	0
	Ln 4 Col (b)	Swtg	189	Col (J)	187	188
	Ln 9 Col (b)	Aux	<u>77</u>	Col (J)	<u>74</u>	<u>76</u>
			3,487		3,409	3,448
Sch 332	Ln 31 col(d)	Depr	3.58%			
(Reprs)					Labor	
Sch 415	Ln 1 Col (b)	Yd	13,169,000	8.1%		
	Ln 2 Col (b)	Rd	<u>149,819,000</u>	91.9%		
	Ln 5 Col (b)	Total	\$162,988,000			
(Loco Fuel)						
Sch 410	Ln 409 Col (h)		348,847,000	91.8%	49,728	Ln 408 Col (b)
	Ln 425 Col (h)		<u>31,285,000</u>	8.2%	<u>0</u>	Ln 425 Col (b)
			\$380,132,000		\$49,728	\$330,404
(Svc Loco)						
Sch 410	Ln 411 Col (h)		27,916,000	97.7%	16,204	Ln 411 Col (b)
	Ln 427 Col (h)		<u>650,000</u>	2.3%	<u>650</u>	Ln 427 Col (b)
			\$28,566,000		\$16,854	\$11,712

Loco ROI

LOCOMOTIVE RETURN ON INVESTMENT
Burkeville to Pamplin, VA - Scenario I

Base Year
04/03 - 03/04

GMA'S LOCO
CAT 7

A. SYSTEM LOCO UNIT HOURS	10,329,114
B. SYSTEM LOCO UNITS	3,184.5
C. SYS LOCO UNIT HRS./LOCO UNIT (LINE A / LINE B)	3,244
D. REPLACEMENT COST	\$1,402,738
E. DEPRECIATION RATE	3.58%
F. ANNUAL DEPRECIATION (LINE D x LINE E)	\$50,218
G. LOCO AGE	24.9
H. ACCUMULATED DEPRECIATION (LINE F x LINE G)	\$1,250,428
I. NET INVESTMENT (LINE D - LINE H)	\$152,310
J. COST OF CAPITAL	14.93%
K. ANNUAL ROI (LINE I x LINE J)	\$22,736
L. LOCO UNITS BY CATEGORY (100% SAMPLE)	1
M. TOTAL LOCO UNITS IN SAMPLE	1
N. RATIO LOCO UNITS BY CATEGORY (LINE L / LINE M)	1.00
O. LOCO UNIT HOURS ON BRANCH	366.6
P. LOCO UNIT HOURS ON BRANCH BY LOCO CATEGORY (LINE N x LINE O)	367.0
Q. RATIO LOCO UNIT HOURS ON BRANCH TO SYS LOCO UNIT HOURS PER LOCO UNIT (LINE P / LINE C)	0.113
R. ANNUAL ROI ON BRANCH (LINE K x LINE Q)	\$2,569
S. TOTAL ROI (SUM OF LINE R AMOUNTS)	

Burkeville to Pamplin, VA - Scenario I
8/19/2004

Loco ROI

	Forecast Year 09/04 - 08/05
	GMA'S LOCO CAT 7
A. SYSTEM LOCO UNIT HOURS	10,329,114
B. SYSTEM LOCO UNITS	3,185
C. SYS LOCO UNIT HRS./LOCO UNIT (LINE A / LINE B)	3,244
D. REPLACEMENT COST	\$1,470,409
E. DEPRECIATION RATE	3.58%
F. ANNUAL DEPRECIATION (LINE D x LINE E)	\$52,641
G. LOCO AGE	25.9
H. ACCUMULATED DEPRECIATION (LINE F x LINE G)	\$1,363,402
I. NET INVESTMENT (LINE D - LINE H)	\$107,007
J. COST OF CAPITAL	14.9%
K. ANNUAL ROI (LINE I x LINE J)	\$15,974
L. LOCO UNITS BY CATEGORY (100% SAMPLE)	1
M. TOTAL LOCO UNITS IN SAMPLE	1
N. RATIO LOCO UNITS BY CATEGORY (LINE L / LINE M)	1.00
O. LOCO UNIT HOURS ON BRANCH	366.6
P. LOCO UNIT HOURS ON BRANCH BY LOCO CATEGORY (LINE N x LINE O)	367.0
Q. RATIO LOCO UNIT HOURS ON BRANCH TO SYS LOCO UNIT HOURS PER LOCO UNIT (LINE P / LINE C)	0.113
R. ANNUAL ROI ON BRANCH (LINE K x LINE Q)	\$1,805
S. TOTAL ROI (SUM OF LINE R AMOUNTS)	

Burkeville to Pamplin, VA - Scenario I
8/19/2004

Loco Depreciation

LOCOMOTIVE DEPRECIATION

Burkeville to Pamplin, VA - Scenario I

	Base Year 04/03 - 03/04
	GMA'S LOCO CAT 7
A. SYSTEM LOCO UNIT HOURS	10,329,114
B. SYSTEM LOCO UNITS	3,185
C. SYS LOCO UNIT HRS./LOCO UNIT (LINE A / LINE B)	3,244
D. REPLACEMENT COST	\$1,402,738
E. DEPRECIATION RATE	3.58%
F. ANNUAL DEPRECIATION (LINE D x LINE E)	\$50,218
G. LOCO UNITS BY CATEGORY (100% SAMPLE)	1
H. TOTAL LOCO UNITS IN SAMPLE	1
I. RATIO LOCO UNITS BY CATEGORY (LINE G / LINE H)	1.0
J. LOCO UNIT HOURS ON BRANCH	367
K. LOCO UNIT HOURS ON BRANCH BY LOCO CATEGORY (LINE I x LINE J)	367
L. RATIO LOCO UNIT HOURS ON BRANCH TO SYS LOCO UNIT HOURS PER LOCO UNIT (LINE K / LINE C)	0.113
M. ANNUAL DEPRECIATION ON BRANCH (LINE F x LINE L)	\$5,675
N. TOTAL DEPRECIATION (SUM OF LINE M AMOUNTS)	

Burkeville to Pamplin, VA - Scenario I
8/19/2004

Loco Depreciation

LOCOMOTIVE DEPRECIATION

Burkeville to Pamplin, VA - Scenario I

	Forecast Year 09/04 - 08/05
	GMA'S LOCO CAT 7
A. SYSTEM LOCO UNIT HOURS	10,329,114
B. SYSTEM LOCO UNITS	3,185
C. SYS LOCO UNIT HRS./LOCO UNIT (LINE A / LINE B)	3,244
D. REPLACEMENT COST	\$1,470,409
E. DEPRECIATION RATE	3.58%
F. ANNUAL DEPRECIATION (LINE D x LINE E)	\$52,641
G. LOCO UNITS BY CATEGORY (100% SAMPLE)	1
H. TOTAL LOCO UNITS IN SAMPLE	1
I. RATIO LOCO UNITS BY CATEGORY (LINE G / LINE H)	1.0
J. LOCO UNIT HOURS ON BRANCH	367
K. LOCO UNIT HOURS ON BRANCH BY LOCO CATEGORY (LINE I x LINE J)	367
L. RATIO LOCO UNIT HOURS ON BRANCH TO SYS LOCO UNIT HOURS PER LOCO UNIT (LINE K / LINE C)	0.113
M. ANNUAL DEPRECIATION ON BRANCH (LINE F x LINE L)	\$5,948
N. TOTAL DEPRECIATION (SUM OF LINE M AMOUNTS)	

Crew Materials

CREW MATERIALS (TRAIN & ENGINE) AND TRAIN INSPECTION AND LUBRICATION

Burkeville to Pamplin, VA - Scenario I

Base Year
04/03 - 03/04

	ENGINE CREW MATERIAL (21-31-56)	TRAIN CREW MATERIAL (21-31-57)	TRAIN INSPECTION & LUBRICATION	
			WAGES (11-31-62)	MATERIALS (21-31-62)
A. SYSTEM EXPENSES	\$75,000	\$1,406,000	\$49,728,000	\$185,000
B. CAR MILE PORTION RATIO	69%	69%	69%	69%
C. SYSTEM CAR MILE EXPENSES (LINE A x LINE B)	\$51,750	\$970,140	\$34,312,320	\$127,650
D. SYSTEM CAR MILES L & E (RR OWN & LEA, PVT & NO PAY MI)	4,380,759,000	4,380,759,000	4,380,759,000	4,380,759,000
E. SYSTEM EXPENSES PER CAR MILE L/E (LINE C / LINE D)	\$0.0000118	\$0.0002215	\$0.0078325	\$0.0000291
F. BRANCH CAR MILES L & E	10,681	10,681	10,681	10,681
G. BRANCH CAR MILE EXPENSES (LINE E x LINE F)	\$0	\$2	\$84	\$0
H. CARLOAD PORTION RATIO	31%	31%	31%	31%
I. SYSTEM CAR LOAD EXPENSES (LINE A x LINE H)	\$23,250	\$435,860	\$15,415,680	\$57,350
J. SYSTEM CARLOADS (QCS-COST DEPT)	11,369,188	11,369,188	11,369,188	11,369,188
K. SYSTEM EXPENSES PER CARLOAD (LINE I / LINE J)	\$0.00205	\$0.03834	\$1.35592	\$0.00504
L. BRANCH CARLOADS	158	158	158	158
M. BRANCH CARLOAD EXPENSES (LINE K x LINE L)	\$0	\$6	\$214	\$1
TOTAL EXPENSES (LINE G + LINE M)	\$0	\$8	\$298	\$1

Loco Service

SERVICING LOCOMOTIVES

Burkeville to Pamplin, VA - Scenario I

Base Year
04/03 - 03/04

A. BRANCH LOCO UNIT MILES	6,209
B. SYSTEM LOCO UNIT MILES	165,463,558
C. RATIO (LINE A/ LINE B)	0.000038
D. SYSTEM LABOR EXPENSE (ACC 11-31-69) (R-1, Sch. 410, Line 411)	\$16,204,000
E. BRANCH LABOR EXPENSE (LINE C x LINE D)	\$608
F. SYSTEM MATERIAL EXPENSE (ACC 21-31-69)	\$7,258,000
G. BRANCH MATERIAL EXPENSE (LINE C x LINE F)	\$272
H. SYSTEM PURCHASED EXPENSE (ACC 41-31-69)	\$4,454,000
I. BRANCH PURCHASED EXPENSE (LINE C x LINE H)	\$167
J. SYSTEM GENERAL EXPENSE (ACC 61-31-69)	\$0
K. BRANCH GENERAL EXPENSE (LINE C x LINE J)	\$0

Burkeville to Pamplin, VA - Scenario I
8/19/2004

Loco Repairs

LOCOMOTIVE REPAIRS AND MAINTENANCE

Burkeville to Pamplin, VA - Scenario I

Base Year
04/03 - 03/04

A. BRANCH TONS PER UNIT	175
B. BRANCH LOCO UNIT MILES	6,209
C. BRANCH LOCO GTM (LINE A x LINE B)	1,083,436
D. SYSTEM LOCO GTM	30,236,142,000
E. RATIO (LINE C / LINE D)	0.000036
F. RATIO ROAD PORTION	0.919
G. SYSTEM LABOR EXPENSE (ACC 11-21-41)	\$58,801,000
H. BRANCH LABOR EXPENSE (LINE'S E x F x G)	\$1,937
I. SYSTEM MATERIAL EXPENSE (ACC 21-21-41)	\$99,212,000
J. BRANCH MATERIAL EXPENSE (LINE'S E x F x I)	\$3,268
K. SYSTEM PURCHASED EXPENSE (ACC 41-21-41)	\$4,918,000
L. BRANCH PURCHASED EXPENSE (LINE'S E x F x K)	\$162
M. SYSTEM GENERAL EXPENSE (ACC 61-21-41)	\$57,000
N. BRANCH GENERAL EXPENSE (LINE'S E x F x M)	\$2
O. FRINGE RATE	42.11%
P. TOTAL FRINGES (LINE H x LINE O)	\$816

Burkeville to Pamplin, VA - Scenario I
8/19/2004

Loco Fuel

LOCOMOTIVE FUEL

Burkeville to Pamplin, VA - Scenario I

**Base Year
04/03 - 03/04**

	GMA'S LOCO CAT 7
A. GMA'S REPAIR & SUPPLIES COSTS PER LOCO UNIT HR. (AS OF 7/1/82)	\$81.50
B. GMA'S FUEL PORTION	0.64
C. FUEL EXPENSE PER LOCO UNIT HR. (LINE A x LINE B)	\$52.16
D. AAR'S CRC INDEX - FUEL (ANNUAL 1982 TO CURRENT YEAR)	0.952
E. FUEL EXPENSE PER LOCO UNIT HR. (LINE C x D)	\$49.67
F. LOCO UNITS BY CATEGORY (20% SAMPLE)	1
G. TOTAL LOCO UNITS IN SAMPLE	1
H. RATIO LOCO UNITS BY CATEGORY (LINE F / LINE G)	1.00
I. TOTAL LOCO UNIT HOURS ON BRANCH	367
J. LOCO UNIT HOURS ON BRANCH BY LOCO CATEGORY (LINE H x LINE I)	367
K. FUEL EXPENSES BY CATEGORY (LINE E x LINE J)	\$18,209
L. TOTAL FUEL EXPENSES (SUM OF LINE K AMOUNTS)	

Burkeville to Pamplin, VA - Scenario I
8/19/2004

Working Capital

Burkeville to Pamplin, VA - Scenario I

	04/03 - 03/04 Base <u>Year</u>	09/04 - 08/05 Forecast <u>Year</u>
Working Capital		
On branch avoidable cost	295,928	306,372
less loco dep	5,675	5,948
less frt car dep	98	102
subtotal	290,155	300,322
@ 15 days on branch cash avoidable cost (provision 49 CFR 1152.34) 15/365= 0.041		
Working Capital	11,896	12,313

Income Tax Consequences

NLV * 37% Tax Rate

2003/04 NLV * 37% =	2,925,665 * 37% =	1,082,496
2004/05 NLV * 37% =	3,071,948 * 37% =	1,136,621

Burkeville to Pamplin, VA - Scenario I
8/19/2004

Loco Holding

**LOCOMOTIVE RETURN ON INVESTMENT
LESS HOLDING GAIN(LOSS)
Burkeville to Pamplin, VA - Scenario I**

	FORECAST YEAR GMA'S LOCO CAT 7
A. SYSTEM LOCO UNIT HOURS	10,329,114
B. SYSTEM LOCO UNITS	3,185
C. SYS LOCO UNIT HRS./LOCO UNIT (LINE A / LINE B)	3,244
D. REPLACEMENT COST (END OF FORECAST YEAR)	1,470,409
E. REPLACEMENT COST (BEGINNING OF FORECAST YEAR)	1,402,738
F. HOLDING GAIN(LOSS) AT REPLACEMENT (LINE D - LINE E)	67,671
G. TOTAL YEARS DEPRECIATION (100% / 3.86%)	27.9
H. LOCOMOTIVE AGE	25.9
I. NET BASE INVESTMENT YEARS (LINE G - LINE H)	2.0
J. REPL. LESS DEPR. ADJUSTMENT RATIO (LINE I / LINE G)	0.073
K. HOLDING GAIN(LOSS) AT REPL. LESS DEPR. (LINE F x LINE J)	4,925
L. LOCO UNITS BY CATEGORY	1
M. TOTAL LOCO UNITS IN SAMPLE	1
N. RATIO LOCO UNITS BY CATEGORY (LINE L / LINE M)	1.0
O. LOCO UNIT HOURS ON BRANCH	366.6
P. LOCO UNIT HOURS ON BRANCH BY LOCO CAT (LINE N x LINE O)	366.6
Q. RATIO LUH ON BR. TO SYS LUH PER LOCO UNIT (LINE P / LINE C)	0.113
R. HOLDING GAIN(LOSS) BY LOCO CAT. (LINE K x LINE Q)	557
S. HOLDING GAIN(LOSS) (SUM OF LINE R AMOUNTS)	
T. RETURN ON INVESTMENT (SEE BASE YEAR ROI SHEET)	
U. ROI MINUS HOLDING GAIN(LOSS) (LINE T - LINE S)	

Burkeville to Pamplin, VA - Scenario I
8/19/2004

Car Cost
CAR COST (DAILY)
 Burkeville to Pamplin, VA - Scenario I
 Base Year
 04/03 - 03/04

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
ICC CAR GROUP	NUMBER OF CARS	AVG. CAR DAYS ON- BRANCH PER CAR	CAR DAYS ON BRANCH (COL 2x3)	COST PER CAR DAY (REPAIR & DEPR)	DAILY COST (REPAIR & DEPR) (COL 4x5)	COST PER CAR DAY (ROI)	DAILY COST (ROI) (COL 4x7)	COST PER CAR DAY (DEPR)	DAILY COST (DEPR) (COL 4x9)	HOLDING GAIN(LOSS) PER CAR DAY	TOTAL HOLDING GAIN(LOSS)
01	0	4	0.0		\$0		\$0		\$0		\$0
02	0	4	0.0	(\$31.0820)	\$0	(\$30.1452)	\$0	\$0.1673	\$0	(\$3.49)	\$0
PVT2	0	N/A	0.0		\$0		\$0		\$0		\$0
03	0	4	0.0	\$10.4988	\$0	\$17.8859	\$0	\$2.3859	\$0	\$2.07	\$0
04	0	4	0.0	\$3.5070	\$0	\$14.6865	\$0	\$5.1347	\$0	\$1.70	\$0
05	136	4	544.0	\$1.7510	\$953	\$15.9127	\$8,656	\$0.0689	\$37	\$1.84	\$1,003
06	11	4	44.0	\$5.7008	\$251	\$8.9197	\$392	\$0.9414	\$41	\$1.03	\$45
PVT6	11	N/A	0.0		\$0		\$0		\$0		\$0
07	0	4	0.0	\$4.3733	\$0	\$15.2081	\$0	\$3.5728	\$0	\$1.76	\$0
08	0	4	0.0	\$5.1913	\$0	\$20.3312	\$0	\$3.1477	\$0	\$2.36	\$0
09	0	4	0.0	\$24.3895	\$0	\$0.0000	\$0	\$0.0000	\$0	\$0.00	\$0
10	0	4	0.0	\$14.5967	\$0	\$12.3489	\$0	\$2.9707	\$0	\$1.43	\$0
11	0	4	0.0	\$55.0319	\$0	\$4.4828	\$0	\$1.6080	\$0	\$0.62	\$0
12	0	4	0.0	\$105.2025	\$0	\$7.0839	\$0	(\$0.1662)	\$0	\$0.82	\$0
13	0	4	0.0	(\$0.2224)	\$0	\$21.5038	\$0	\$4.2993	\$0	\$2.49	\$0
14	0	4	0.0	\$11.7675	\$0	\$11.4807	\$0	\$1.9732	\$0	\$1.33	\$0
PVT14	0	N/A	0.0		\$0		\$0		\$0		\$0
15	0	N/A	0.0		\$0		\$0		\$0		\$0
16	0	N/A	0.0		\$0		\$0		\$0		\$0
17	0	4	0.0	\$6.8185	\$0	\$11.5219	\$0	\$2.0478	\$0	\$1.33	\$0
PVT17	0	N/A	0.0		\$0		\$0		\$0		\$0
TOTAL	158				\$1,203		\$9,049		\$79		\$1,048
					(REPAIR & DEPR)		(ROI)		(DEPR)		(HOLDING GAIN)

CAR COST (MILEAGE)
 Burkeville to Pamplin, VA - Scenario I
 Base Year

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
ICC CAR GROUP	NUMBER OF CARS	LOADED CAR MI. ON BRANCH	RATIO LOADED TO EMPTY	LD & MTY CAR MI. ON BRANCH (COL. 3x4)	COST PER CAR/MI (REPAIR & DEPR)	MILEAGE COST (REPAIR & DEPR) (COL. 5x6)	COST PER CAR/MI (DEPR)	MILEAGE COST (DEPR) (COL. 5x8)
01	0	0	2	0		\$0		\$0
02	0	0	2	0	\$0.2226	\$0	\$0.0070	\$0
PVT2	0	0	1	0	\$0.5466	\$0		\$0
03	0	0	2	0	\$0.0667	\$0	\$0.0269	\$0
04	0	0	2	0	\$0.0716	\$0	\$0.0567	\$0
05	136	4597	2	9194	\$0.0233	\$214	\$0.0011	\$10
06	11	372	2	744	\$0.0537	\$40	\$0.0124	\$9
PVT6	11	372	1	372	\$0.0457	\$17		\$0
07	0	0	2	0	\$0.0783	\$0	\$0.0612	\$0
08	0	0	2	0	\$0.0965	\$0	\$0.0536	\$0
09	0	0	2	0	\$0.1234	\$0	\$0.0000	\$0
10	0	0	2	0	\$0.0902	\$0	\$0.0270	\$0
11	0	0	2	0	\$0.1161	\$0	\$0.0071	\$0
12	0	0	2	0	\$0.1717	\$0	\$0.1160	\$0
13	0	0	2	0	\$0.0715	\$0	\$0.0461	\$0
14	0	0	2	0	\$0.0772	\$0	\$0.0202	\$0
PVT14	0	0	1	0	\$0.3900	\$0		\$0
15	0	0	1	0		\$0		\$0
16	0	0	1	0		\$0		\$0
17	0	0	2	0	\$0.0214	\$0	\$0.0070	\$0
PVT17	0	0	1	0	\$0.3856	\$0		\$0
TOTAL	158	5,340		10,309		\$271		\$20

TOTAL - DAILY & MILEAGE

	REPAIRS AND DEPRECIATION	ROI	DEPRECIATION (ONLY)
DAILY:	\$1,203	\$9,049	\$79
MILEAGE:	\$271	N/A	\$20
TOTAL:	\$1,475	\$9,049	\$98
HOLDING GAIN(LOSS)		\$1,048	
ROI LESS HOLDING GAIN(LOSS)		\$8,001	

2003 Railroad Cost of Capital

	Debt	Common Equity	
1) Nominal Cost	0.050	0.127	
2) Real Cost $((1+J7)/\text{deflator})-1$	0.033	0.108	
3) Market Weight	0.428	0.572	
4) After Tax			
a. Nominal $J7*J9$	0.0214	0.0726	9.40%
b. Real $J8*J9$	0.0140	0.0620	7.61%
5) Pre-tax (change in equity only)			
a) Nominal $4a/(1-\text{tax rate}^*)$	0.033968	0.115308	14.93%
b) Real $4b/(1-\text{tax rate}^*)$	0.022245	0.098491	12.07%
6) Holding Gain			2.85%

*Assume 37% tax rate

Gross Domestic Product Implicit Price Deflator
Chain Type Index (Series 2000=100)
Source: Global Insight, July 2004

UQCSS:JPGDP.Q		Average for Four Quarters Ending this Quarter	Period Represented	Change
1999Q1	97.274			
1999Q2	97.701			
1999Q3	98.022			
1999Q4	98.475			
2000Q1	99.292			
2000Q2	99.78			
2000Q3	100.241			
2000Q4	100.687			
2001Q1	101.478			
2001Q2	102.273			
2001Q3	102.676			
2001Q4	103.078			
2002Q1	103.364			
2002Q2	103.738			
2002Q3	104.123			
2002Q4	104.571	103.9480	2002	1.54%
2003Q1	105.163			
2003Q2	105.44			
2003Q3	105.87			
2003Q4	106.27	105.6849	2003	1.67%
2004Q1	107.019	106.1482	Base Year	
2004Q2	107.784			
2004Q3	108.4211			
2004Q4	108.9504	108.0412	2004	
2005Q1	109.5078			
2005Q2	109.9975			
2005Q3	110.4161	110.1833	Forecast Year	3.80%
2005Q4	110.816			
2006Q1	111.2772			
2006Q2	111.7013			
2006Q3	112.1501			
2006Q4	112.6466			

Scenario II:

The crew providing service on the Line, Job No. V05V2, operates off-branch via: Crewe to Burkeville. Once at Burkeville, the crew goes on-branch at Burkeville, traverses to Farmville, carries out switching of traffic at Farmville; and then returns to Burkeville. Upon arriving at Burkeville, the crew traverses off-branch from Burkeville to Crewe. Operating speed is 25 mph for both on-branch and off-branch movements.

	Route via Stations	MP	Miles	Running Time (Hrs/Minutes)	
Off Branch Miles/Time	Crewe	MP N 128.90	00.00		
	Burkeville	MP N 134.10	05.20	00'	12"
On-Branch					
On Branch Miles/Time	Burkeville	MP N 134.10	00.00		
	Farmville	MP N 149.10	15.00	00'	36"
	Switching at Farmville – 1 Hour			01'	36"
	Farmville	MP N 149.10	15.00	01'	36"
Off Branch Miles/Time	Burkeville	MP N 134.10	30.00	02'	12"
Off-Branch					
Off Branch Miles/Time	Burkeville	MP N 134.10	00.00	00'	00"
	Crewe	MP N 128.90	05.20	00"	12"

RECAP: Scenario II

Total Off-Branch Miles:	10.40
Total Off-Branch Time:	0' 24"
Total On-Branch Miles:	30.00
Total On-Branch Time:	1' 12"
Total Switching Time:	1' 00"
Total Miles	40.40
Total Time - Off/On-Branch/Switching	2' 36"

Calculation: Actual Annual On-Branch Crew Time/Cost (Job. No. V05V2) –

On-branch Crew Time: 2' 12"/trip x 3/trips per week = 6' 36" (6.60)/week x 52 weeks = 343.20 hrs ÷ 8 hrs (train trip day) = 42.90 days per year.

On-branch Crew Cost: Total base year crew wages: \$122,216 (Engineer: \$64,820; Conductor: \$57,396) + 293 (total annual trips/days) x 42.90 serving days per year = \$17,895 + \$12,437 fringe = \$30,332 Crew Cost.

Norfolk Southern Railway Company
Pro Forma Income Statement
Scenario II

Per the proposed abandonment of the Burkeville to Pamplin, VA branch line, following are railway operating revenues and expenses* based on providing rail freight delivery to Farmville, VA (MP N 149.10), via operation over the branch line segment: Burkeville to Farmville, VA – N 134.10 to N 149.10, a distance of approximately 15.0 miles.

	Base Year 1 / 158 CL	Forecast Year 2 / 158 CL
REVENUES ATTRIBUTABLE FOR:		
1. Freight Originating and/or Terminating on Branch	\$ 166,373	\$ 172,698
2. Bridge Traffic		
3. All Other Revenue and Income		
4. TOTAL ATTRIBUTABLE REVENUE (Lines 1 through 3) (a)	\$ 166,373	\$ 172,698
AVOIDABLE COSTS FOR:		
5. ON-BRANCH COSTS:		
a. Way and Structures (b)	\$ 148,530	\$ 154,176
b. Equipment (c)	10,917	11,386
c. Transportation (d)	48,586	50,432
d. General and Administrative		
e. Deadheading, Taxi and Hotel		
f. Overhead Movement		
g. Freight Car Costs (Other Than Return) (e)	1,324	1,374
h. Return on Value - Locomotives (f)	2,410	1,693
i. Return on Value - Freight Cars (e)	9,049	9,393
j. Revenue Taxes		
k. Property Taxes		
l. TOTAL (Lines 5a through 5k)	\$ 220,815	\$ 228,454
m. Holding Gain (Loss) - Locomotives (f)		521
n. Holding Gain (Loss) - Freight Cars (e)		1,048
o. NET ON-BRANCH COSTS (Lines 5l - (5m+5n))	\$ 220,815	\$ 226,884
6. OFF BRANCH COSTS: (g)		
a. Off-Branch Costs (Other than Return)	\$ 71,847	\$ 74,578
b. Return on Value - Freight Cars	12,059	12,517
c. Holding Gain (Loss) - Freight Cars		1,397
d. NET OFF-BRANCH COSTS (Lines 6a + 6b - 6c)	\$ 83,906	\$ 85,698
7. TOTAL AVOIDABLE COSTS (Lines 5o + 6d)	\$ 304,721	\$ 312,582
SUBSIDIZATION COSTS FOR:		
8. Rehabilitation		
9. Administrative Costs (Subsidy Year Only) (See Note 1)		
10. Casualty Reserve Account (See Note 1)		
11. TOTAL SUBSIDIZATION COST (Lines 8 through 10)		
12. Valuation of Road Properties (See Note 2)		
a. Working Capital	8,832	9,134
b. Income Tax Consequences	(477,353)	(501,221)
c. Net Liquidation Value	1,290,144	1,354,651
d. TOTAL (Lines 12a through 12c)	821,623	862,564
13. Nominal Rate of Return (See Note 3)	14.93%	14.93%
14. Nominal Return on Value (Line 12d x 13)	122,649	128,760
15. Holding Gain (Loss) (See Note 4)		64,507
16. TOTAL RETURN ON VALUE (Line 14 - 15)	122,649	64,253
17. AVOIDABLE LOSS (PROFIT) FROM OPERATIONS (Lines 7- 4)	138,348	139,884
18. AVOIDABLE LOSS INCLUDING RETURN ON VALUE (Lines 7- 4+16)	\$ 260,997	\$ 204,137

* Derived from Norfolk Southern Corporation (NS) combined railroad subsidiaries information.

1/ April 2003 – March 2004 is the Base Year

2/ September 2004 – August 2005 is the Forecast Year

Norfolk Southern Railway Company
Pro Forma Income Statement
Scenario II

- (a) Base year attributable branch traffic and revenues are for one hundred fifty-eight (158) carloads, which originated and/or terminated on the branch. Forecast year attributable traffic and revenue are for the same one hundred fifty-eight (158) carloads, which originated and/or terminated on the branch. Forecast year revenues are derived from the base year revenues by indexing them to the Gross Domestic Product (GDP) Implicit Price Deflator, Seasonally Adjusted (Quarterly Series, 2000=100), using Forecast Year predicted values provided by Global Insight. The Base Year to Forecast Year adjustment factor thus produced is 3.80%.
- (b) The normalized annual Way and Structures (WS) expenses to operate the branch line between Burkeville, VA, Milepost N 134.10 and Farmville, VA, Milepost N 149.10, at the FRA Class I (10 MPH) track and safety standards for the base year are \$ 148,530. WS expenses to operate the branch between Burkeville, VA Milepost N 134.10 and Farmville, VA Milepost N 149.90, for the forecast year are \$154,176, derived from the base year expense adjusted using the GDP deflator as described in (a).
- (c) Equipment includes repairs and maintenance of locomotives, totaling \$4,857, which is calculated in accordance with provisions of 49 C.F.R. §1152.33(b)(1), fringe benefits, totaling \$738, which is calculated in accordance with provisions of 49 C.F.R. §1152.33(b)(3), and depreciation of locomotives, totaling \$5,323, which is calculated in accordance with provisions of 49 C.F.R. §1152.32(o) and §1152.33(b)(2), totaling \$10,917 for the base year. Base year expenses are adjusted using the GDP deflator as described in (a) to produce the forecast year expense of \$11,386.
- (d) Base year transportation expenses are based on the operation of a local train, which provides service at Farmville, VA (Milepost N 149.10) to the only customers located on the Burkeville to Pamplin, VA Branch Line, via the branch line segment from Burkeville, VA Milepost N 134.10 to Farmville, VA Milepost N 149.10. NS provided local service approximately 156 times in the base year. A two-man crew operates the local train service, which takes approximately 2.20 hours.
- Base year transportation expenses include the train and engine crew (T&E) labor (2 man crew), totaling \$30,332 (including fringe benefits), which is calculated on the average costs of the crew, T&E material account 21-31-57, totaling \$7, which is calculated in accordance with the provisions of 49 C.F.R. §1152.33(c)(1)(i), train inspection and lubrication, totaling \$252, which is calculated in accordance with provisions of 49 C.F.R. §1152.33(c)(1)(i), locomotive fuel, totaling \$17,047, which is calculated in accordance with provisions of 49 C.F.R. §1152.33(c)(1)(ii), and servicing locomotives, totaling \$947, which is calculated in accordance with provisions of 49 C.F.R. §1152.33(c)(1)(iv), totaling \$48,586 for the base year.
- Forecast year transportation expenses, which are adjusted using the GDP deflator as described in (a), include the train and engine crew (T&E) labor (2 man crew), totaling \$31,485 (including fringe benefits), T&E material account 21-31-57, totaling \$7, which is calculated in accordance with the provisions of 49 C.F.R. §1152.33(c)(1)(i), train inspection and lubrication, totaling \$262, locomotive fuel, totaling \$17,695, and servicing locomotives, totaling \$983, which is calculated in accordance with provisions of 49 C.F.R. §1152.33(c)(1)(iv), totaling \$50,432 for the forecast year.
- (e) Calculated in accordance with provisions of 49 C.F.R. §1152.32(g).
- (f) Calculated in accordance with provisions of 49 C.F.R. §1152.32(h).
- (g) Off-branch costs are calculated in accordance with 49 C.F.R. §1152.32(n). Forecast year expenses for the Burkeville to Pamplin, VA Branch Line are calculated by adjusting the Base Year off-Branch costs using the GDP deflator as described in (a).

Norfolk Southern Railway Company
Pro Forma Income Statement
Scenario II

- Note 1. Omitted in accordance with provisions of Footnote 2 in 49 C.F.R. §1152.36.
- Note 2. Total valuation of properties is the sum of working capital, income tax consequences and net liquidation value (NLV). Working capital is calculated in accordance with provisions of 49 C.F.R. §1152.34(c)(1)(i). The base year estimated income tax consequences are \$ 477,353; \$1,290,144, the net liquidation value of the track and structures on the Burkeville, VA Milepost N 134.10 to Farmville, VA Milepost N 149.10 segment of the Burkeville to Pamplin, VA Branch Line, multiplied by 37%, the F.I.T. and state tax rates. The forecast year estimated income tax consequences are \$501,221; \$1,354,651, the forecasted year net liquidation value of the track and structures on the Burkeville, VA Milepost N 134.10 to Pamplin, VA Milepost N 149.10 segment of the Burkeville to Pamplin, VA Branch Line segment, multiplied by the 37% tax rate. The fair market value of right-of-way land held in fee is not available at this time.
- Note 3. The nominal before tax cost of capital rate of 14.93% is based on Railroad Cost of Capital - 2003, Ex Parte No. 558 (Sub-No.7), Service Date June 28, 2004, decided June 22, 2004.
- Note 4. Holding gain (loss) on road properties is calculated in accordance with provisions of 49 C.F.R.1152.34(e). \$1,354,651, the net liquidation value of the Burkeville to Farmville, VA segment of the Burkeville to Pamplin, VA Branch Line at the end of the forecast year, less \$1,290,144, the net liquidation value of the Burkeville to Pamplin, VA Branch for the current year, totaling \$64,507.

Norfolk Southern Railway Company
Opportunity Cost Statement
Scenario II

Proposed Abandonment: Burkeville to Pamplin, VA Branch Line
Rail Freight Delivery at Farmville, VA
Service via Branch Line Segment:
Burkeville to Farmville, VA

1.	Current net liquidation value	\$	1,290,144 ¹
2.	Cost of capital	x	.1493 ²
3.	Nominal opportunity cost (Line 1 times line 2)	\$	192,618
4.	Holding gain (loss)		64,507 ¹
5.	Opportunity cost (Line 3 less line 4)	\$	128,111

¹ \$1,290,144 is the net liquidation value for the Burkeville to Farmville, VA line segment of the Burkeville to Pamplin, VA Branch Line for the current year. Using \$1,354,651 as the net liquidation value for the Burkeville to Farmville, VA line segment at the end of the forecast year produces a holding gain (loss) of \$64,507.

² Based on Railroad Cost of Capital - 2003, Ex Parte No. 558 (Sub-No. 7), Service Date June 28, 2003, the nominal before tax cost of capital is 14.93%.

RPD

NORFOLK SOUTHERN CORPORATION

ATLANTA 02-Apr-04

NET LIQUIDATION VALUE ESTIMATE
BURKEVILLE TO PAMPLIN CITY, VA

SCENARIO II

N 134.10 – N 149.10

15.00 MILES OF MAIN TRACK

GROSS VALUE:

132	#RAIL:	0.00 MI	0	NT @	\$315 /NT =	\$0
	#OTM:		0	NT @	\$324 /NT =	\$0
131	#RAIL:	0.00 MI	0	NT @	\$200 /NT =	\$0
	#OTM:		0	NT @	\$324 /NT =	\$0
130	#RAIL:	15.00 MI	3,260	NT @	\$315 /NT =	\$1,027,026
	#OTM:		1,297	NT @	\$324 /NT =	\$420,147
115	#RAIL:	0.00 MI	0	NT @	\$352 /NT =	\$0
	#OTM:		0	NT @	\$324 /NT =	\$0
112	#RAIL:	0.00 MI	0	NT @	\$280 /NT =	\$0
	#OTM:		0	NT @	\$324 /NT =	\$0
110	#RAIL:	0.00 MI	0	NT @	\$192 /NT =	\$0
	#OTM:		0	NT @	\$324 /NT =	\$0
100	#RAIL:	0.00 MI	0	NT @	\$300 /NT =	\$0
	#OTM:		0	NT @	\$324 /NT =	\$0
80	#RAIL:	0.00 MI	0	NT @	\$ 99 /NT =	\$0
	#OTM:		0	NT @	\$324 /NT =	\$0
75	#RAIL:	0.00 MI	0	NT @	\$ 99 /NT =	\$0
	#OTM:		0	NT @	\$324 /NT =	\$0
60	#RAIL:	0.00 MI	0	NT @	\$ 99 /NT =	\$0
	#OTM:		0	NT @	\$324 /NT =	\$0
TURNOUTS;			1	EA @	\$2,000 EA =	\$ 2,000
CROSSTIES: 45 %			21,384	EA @	\$5.00 EA =	\$106,920

GROSS VALUE SUBTOTAL = \$1,556,093

REMOVAL COSTS:

REMOVE TRACK AND REPAIR

GRADE CROSSINGS:	15.00 MI.	@	\$14,000 /MI. =	(\$210,000)
REMOVE TURNOUTS:	1	EA @	\$500 EA =	(\$ 500)
HANDLING COSTS:	6,161	NT @	\$9.00 /NT =	(\$ 55,449)

REMOVAL COSTS SUBTOTAL = (\$ 265,949)
=====

\$1,290,144

ESTIMATED NET LIQUIDATION VALUE =
BURKEVILLE to PAMPLIN CITY, VA

15.00 MILES OF MAIN TRACK

\$ 86,010 PER MILE

NLV OF TRACK MATERIALS ONLY

NORMALIZED MAINTENANCE PROJECTION
2004 to 2013
Burkeville - Farmville - Scenario II

			MILEPOSTS N	134.10	149.10	15.00 MILES MAIN TRACK						
			2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
ROUTINE WORK												
INSPECTION	\$234 PER MILE		3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500
GENERAL TRACK REPAIR	\$1,173 PER MILE		17,600	17,600	17,600	17,600	17,600	17,600	17,600	17,600	17,600	17,600
RAIL TESTING	\$72 PER MILE		1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100
VEGETATION CONTROL	\$228 PER MILE		3,400	3,400	3,400	3,400	3,400	3,400	3,400	3,400	3,400	3,400
BRIDGE REPAIRS			14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000
	BRIDGE DEPT.											
ROUTINE	SUBTOTAL		\$39,600	\$39,600	\$39,600	\$39,600	\$39,600	\$39,600	\$39,600	\$39,600	\$39,600	\$39,600
PROGRAM WORK												
RAIL RENEWAL	\$470,000 PER MILE	0										
TIMBER AND SURFACE		0										
SURFACING	0 67,000 PER MILE	0										
BRUSH CUTTING	0 11,000 PER MILE	0										
DITCHING	0 \$508 PER MILE	0										
BRIDGE RENEWAL - CAPITAL	0 \$599 PER MILE	0										
- EXPENSE	BRIDGE DEPT. BRIDGE DEPT.		27,000	27,000	7,600	27,000	27,000	7,600	27,000	27,000	7,600	27,000
PROGRAM	SUBTOTAL		\$27,000	\$27,000	\$57,100	\$414,000	\$414,000	\$34,600	\$27,000	\$27,000	\$34,600	\$27,000
MAINTENANCE TOTAL			\$66,600	\$66,600	\$96,700	\$453,600	\$453,600	\$74,200	\$66,600	\$66,600	\$74,200	\$66,600
MAINTENANCE SUMMARY:												
TEN YEAR PROJECTED TOTAL =			ROUTINE WORK RDVY BRIDGE			PROGRAM WORK ROADWAY BRIDGE					LINE TOTAL	
ANNUAL COST FOR LINE =			256,000	140,000		292,800	796,500				\$1,485,300	
ANNUAL COST PER MILE =			25,600	14,000		29,280	79,650				\$148,530	ANNUAL NORMALIZED
			1,707	933		1,952	5,310				\$9,902	PER MILE NORMALIZED

ACTUAL CREW COSTS

**Total Wages
Per train at 80 trains
Health and Welfare**

Engineer
Conductor
Other

Total Payroll rolling 12 months
Engineer payroll rolling 12 months
Conductor payroll rolling 12 months
Other payroll rolling 12 months
Per Train at 293 trains
Health and Welfare

\$	64,820	Engineer	\$	9,491
\$	57,396	Conductor	\$	8,404
		+293 Trains x		
\$	122,216	42.90 Days =	\$	17,894

Background

Burkeville to Pamplin, VA - Scenario II

(Numbers in red change once a year)
(Numbers in blue change for specific branch line)

Base Year: 04/03 - 03/04
Forecast Year: 09/04 - 08/05

Beginning Milepost: 134.10 Burkeville
Ending Milepost: 149.10 Pamplin
Miles to abandon: 15
Trips per year: 156

Traffic:

	Cars	Revenue
Orig or Term on branch	158	166,373
Switching	0	0
Bridge	0	0
Other	0	0
TOTAL	158	166,373

Number days per week serve branch line? 0.83
crew size? 2
Roundtrip mileage crew taxed 0
Hours required to serve line (includes switching)? 2.2
Average number trips per week? 3
Average number days a car is on branch line? 4
Average MPH service on line? 25
Annualized Maintenance (Engineering) 148,530 Steve Morrell
Hours for loco ownership? 2.2 per day

Notes:

Crew Stats:

	Basic Lonesome	Fringe Productivity	TOTAL
Conductor	\$8,404	0 \$5,841	\$14,245
Brakeman	\$0.00	0 \$0	\$0
Engineer	\$9,491	0 \$6,596	\$16,087
Totals	\$17,895	0 \$12,437	\$30,332

Loco Stats: (from loco master)

Category Loco Used: 7
Number Used: 1
Average Tons: 174.5
2003 Age: 24.9

Background

1. Loco Unit Hours

A. For ownership (Depreciation & ROI)
2.2 hrs/trip *

156 trips/yr = 343.2 hours/year

B. For Usage (fuel)

2.2 hrs/trip * 156 trips/yr = 343.2 hours/year

2. Loco Unit Miles

Running:

Milepost	Farmville	Burkeville	
15.0	149.1	134.1	15.0 miles
30	miles *	=	miles per round trip
	miles *	156 trips/yr =	4,680 miles

Switching:

approx. 60 minutes	6 MPH *	156 Trips/yr =	936 miles
1 hours *			

TOTAL:

4,680 + 936 = 5,616 LUM

3. Loco Gross Ton Miles

5,616 LUM * 174.5 tons = 979,992 LGTM

Burkeville to Pamplin, VA - Scenario II
8/19/2004

Burkeville to Pamplin, VA - Scenario II

	ACCOUNT NO.	Tribit 1	BASE YEAR	FORECAST		Spreadsheet/Source
				04/03 - 03/04	09/04 - 08/05	
GDP deflator adjustment:					3.80%	
Revenues:						
1 a. Freight Originated or Terminated on branch	101		166,373	172,698		
b. Switching	104		0	0		
c. Demurrage	106		0	0		
d. Other			0	0		
2 Bridge traffic (assignable to branch)			0	0		
3 All other revenue and income			0	0		
4 Total revenues attributable (lines 1 through 3)			166,373	172,698		
Avoidable cost:						
5 On-branch costs (from spreadsheets)						
a. Maintenance of way and structures			148,530	154,176		From Engineering
b. Maintenance of equipment						
1 Locomotives:						
Repairs & maintenance	11-21-41	L	1,752	1,818		Loco Repairs
	21-21-41	M	2,956	3,068		Loco Repairs
	41-21-41	P	147	152		Loco Repairs
	61-21-41	G	2	2		Loco Repairs
Fringe benefits	12-21-00	G	738	766		Loco Repairs
Depreciation	62-21-00	G	5,323	5,580		Loco Depreciation
Total Locomotives			10,917	11,386		
2 Other			0	0		
Total Equipment			10,917	11,386		
c. Transportation						
1 Train operations						
Engine crews	11-31-56	L	16,087	16,699		Transportation
	21-31-56	M	0	0		Crew Materials
Train crews	11-31-57	L	14,245	14,786		Transportation
	21-31-57	M	7	7		Crew Materials
Train inspect. & lubr.	11-31-62	L	251	261		Crew Materials
	21-31-62	M	1	1		Crew Materials
Locomotive fuel			17,047	17,695		Loco Fuel
Servicing locomotives	11-31-69	L	550	571		Loco Service
	21-31-69	M	246	255		Loco Service
	41-31-69	P	151	157		Loco Service
	61-31-69	G	0	0		Loco Service
Fringe benefits	12-31-00	G	0	0		Included in labor
Total transportation			48,586	50,432		
d. General administrative			0	0		
e. Deadheading, taxi and hotel			0	0		Transportation
f. Overhead movement			0	0		
g. Freight car costs (other than return on freight cars)			1,324	1,374		Car Cost
h. Return on value - locomotives			2,410	1,693		Loco ROI
i. Return on value - freight cars			9,049	9,393		Car Cost
j. Revenue taxes			0	0		
k. Property taxes			0	0		
l. Total (lines 5a through 5k)			220,815	228,454		
m. Holding gain (loss)-locomotives				521		Loco Holding
n. Holding gain (loss)-freight cars				1,048		Car Cost
o. Net on-branch costs (lines 5l-(5m+5n))			220,815	226,884		
6 Off-branch costs						
a. Off-branch costs (other than return on freight cars)			71,847	74,578		Cost Dept.
b. Return on value - freight cars			12,059	12,517		Cost Dept.
c. Holding gain (loss)-freight cars				1,397		Cost Dept.
d. Net off-branch costs (a+b-c)			83,906	85,698		
7 Total avoidable costs (line 5o + 6d)			304,721	312,582		
Subsidization costs:						
8 Rehabilitation			0	0		
9 Administrative costs			0	0		
10 Casually reserve account			0	0		
11 Total subsidization costs (lines 8 thru 10)			0	0		
12 Valuation of road properties (lines 12a thru 12c)						
(a) Working capital			8,832	9,134		Working Capital
(b) Income tax consequences			-477,353	-501,221		Working Capital
(c) Net liquidation value			1,290,144	1,354,651		Working Capital
Total valuation of properties			821,623	862,564		Working Capital
13 Nominal rate of return			14.93%	14.93%		Pre Tax nominal rate
14 Nominal return on value (line 12 * line 13)			122,649	128,760		
15 Holding gain (loss) on road properties				64,507		
16 Return on value (line 14-15)			122,649	64,253		
17 Avoidable loss (profit) from operations (line 7 - 4)			138,348	139,884		
(excludes nominal return on value and opportunity cost, which are avoidable costs).						
18 Avoidable Loss Including Return on Value (line 4-7+16)			260,997	204,137		

Burkeville to Pamplin, VA - Scenario II

8/19/2004

	A	B	C	D	E	F	G
1							sum of loads
2		Consolidated Off Branch Abandonment Costs					Item check
3							
4		Farmville, VA 2003-2004--scenario 2					
5							
6					amount		control ref #
7							
8							
9							
10							
11	145				\$	9,178	8
12					\$	21,073	78
13					\$	24,081	142
14							
15					\$	10,241	183
16					\$	10,712	183
17							
18							
19							
20							
21							
22					\$	3,144	187
23					\$	5,477	172
24							
25							
26							
27							
28							
29							
30							
31							
32							
33							
34							
35							
36							
37							
38							
39							
40	Total Off Branch Costs, including ROI on Freight Cars					\$	83,905
41							
42							
43							
44							
45	189				\$	1,707	9
46					\$	2,102	79
47					\$	8,609	142
48							
49					\$	154	183
50					\$	1,146	183
51							
52							
53							
54							
55							
56					\$	34	187
57					\$	408	172
58							
59							
60							
61							
62							
63							
64							
65							
66							
67							
68							
69							
70							
71							
72							
73							
74							
75							
76							
77	Total ROI On Freight Cars					\$	12,059
78							
79							
80							
81							
82	147				\$	158	9
83					\$	244	79
84					\$	754	142
85							
86					\$	18	183
87					\$	123	183
88							
89							
90							
91							
92							
93					\$	4	187
94					\$	47	172
95							
96							
97							
98							
99							
100							
101							
102							
103							
104							
105							
106							
107							
108							
109							
110							
111							
112							
113							
114							
115							
116							
117							
118							
119							
120							
121							
122	Holding Gain (Loss) on Freight Cars					\$	1,387
123							
124							
125							
126							
127							

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	Q	R
1																
2						Norfolk Southern----->			2002							
3						Freight Car Abandonment Unit Costs										
4						With Nominal Cost of Capital (BFIT) at					15.86%					
5															Holding gain percent nominal cost of capital ratio	1.84
6																15.86
7																0.1159 used below
8																
9																
10																
11																
12																
13	Box-plain 40	1/														
14	Box-plain 50															
15	Box-equipped															
16	Gondola-plain															
17	Gondola-equipped															
18	Hopper-covered															
19	Hopper-open top GS															
20	Hopper-open S S															
21	Refer-mechanical															
22	Refer-non mech															
23	Flat-TOFC/COFC	3/														
24	Flat-multi level	3/														
25	Flat-gen service															
26	Flat-other															
27	Tank--Under 22,000 gals.															
28	Tank--22,000 gals. and over															
29	All Other Cars															
30																
31																
32	1/ No cars of this type left in service on Norfolk Southern															
33	2/ Based on actual car hire payments															
34	3/ Should these car types appear in abandonments, more in depth analyses is need for cost determination															
35	4/ Ex Parte 274 (Sub-11A) instructions															
36																
37																
38																
39																
40																
41																

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
42																		
43	All Other Cars			\$6,8185		\$0.0214		\$11,5219		\$2,0478		\$0.0070		\$0.0000			1.33	
44	Box-equipped			\$10,4986		\$0.0867		\$17,8869		\$2,3859		\$0.0258					2.07	
45	Box-plain 40	1/		\$0.0000		\$0.0000		\$0.0000		\$0.0000		\$0.0000						
46	Box-plain 50			\$31,0820		\$0.2226		\$30,1452		\$0.1673		\$0.0070		\$0.5466			(3.49)	
47	Flat-gen service			\$0.2224		\$0.0715		\$21,5038		\$4,2993		\$0.0461					2.49	
48	Flat-mult level	3/		\$105,2025		\$0.1717		\$7,0839		\$0.1662		\$0.1180					0.82	
49	Flat-other			\$11,7676		\$0.0712		\$11,4807		\$1,9732		\$0.0202		\$0.3900			1.33	
50	Flat-TOFC/COFC	3/		\$55,0319		\$0.1161		\$4,4828		\$1,6060		\$0.0071					0.52	
51	Gondola-equipped			\$1,7510		\$0.0233		\$15,9127		\$0.0869		\$0.0011					1.84	
52	Gondola-plain			\$3,5070		\$0.0716		\$14,6665		\$5,1347		\$0.0567					1.70	
53	Hopper-covered			\$5,7068		\$0.0567		\$8,9197		\$0.3414		\$0.0124		\$0.0457			1.03	
54	Hopper-open S S			\$5,1913		\$0.0966		\$20,3312		\$3,1477		\$0.0636					2.36	
55	Hopper-open top GS			\$4,3793		\$0.0783		\$15,2081		\$3,5728		\$0.0612					1.76	
56	Refer-mechanical			\$24,3895		\$0.1234		\$0.0000		\$0.0000		\$0.0000					0.00	
57	Refer-non mech			\$14,5967		\$0.0902		\$12,3489		\$2,9707		\$0.0270					1.43	
58	Tank-22,000 gals. and over													\$0.2256			0.00	
59	Tank-Under 22,000 gals.													\$0.1601			0.00	

R-1 INFORMATION 2003
Scenario II

R-1 INFORMATION 2003

Sch 755:

	<u>FGHT</u>	<u>PSGR</u>
A) Ln 7 Train Miles	73,913,145	
B) Ln 11 Locomotive Unit Miles	165,463,558	
C) Ln 12 Locomotive Unit Miles Trn Swtg	8,675,538	
D) Ln 98 GTM Road Locomotives (000s)	30,236,142	
E) Ln 115 Trn Hrs Rd Svc	3,816,917	
F) Ln 116 Trn Swtg Hrs	880,697	
G) (Ln 116 * 6 mph) Trn Mi Rd Trn Swtg	5,284,182	
H) (A+G) Total Freight Train Miles	79,197,327	
I) [(Ln 11+Ln12)/Item H] Loco Units per Train	2.20	
J) [(Ln 115+Ln 116)*Item I] Loco Units Hours	10,329,114	
K) Ln 117 Yard Switching Hours	2,162,693	
L) Ln 13 Loco Unit Miles Yard Switching	14,526,876	
M) (Ln 117*6mph) Yard Switching Miles	12,976,158	
N) (Ln 13/Item M) Loco Units per Yard Switch	1.12	
O) (Ln 117*Item N) Loco Unit Hours Yard Switch	2,421,146	

Burkeville - Pamplin, VA
 Scenario II

R-1 INFORMATION 2003
Scenario II

NS 2003 System Car Miles L&E

R-1, Sch 755:

Line 30	1,316,369,000	RR L
Line 46	945,833,000	RR E
Line 64	1,033,279,000	PVT L
Line 82	681,318,000	PVT E
		No
Line 84	403,960,000	Payment
	4,380,759,000	

NS 2003 O&T's (excl DUP & incl TRL/CONT)

QCS 2003 L.Anderson-Acct (hardcopy only)

	Carloads				
Ln 48 Col B	Local	4,576,919	*	2	= 9,153,838
Ln 48 Col d	Fwd	538,940	*	1	= 538,940
Ln 48 Col f	Rc'd	1,676,410	*	1	= 1,676,410
Ln 48 Col h	Bridge	<u>52,040</u>	*	0	= <u>0</u>
		6,844,309			11,369,188

R-1 INFORMATION 2003
Scenario II
2003 FRINGE BENEFITS (Sch 410)

Acc		2003	2003	2003	2002
<u>Group</u>		Labor	Fringes	Fringe	Fringe
		(000)	(000)	%	%
WS	Run	109,588	80,558	73.51%	57.08%
	Swtg	7,413	2,801	37.78%	33.58%
	Oth	25,205	5,457	21.65%	19.34%
ME	Loco	72,133	30,376	42.11%	36.95%
	Fght Cars	44,113	16,087	36.47%	32.86%
	Oth	1,052	3,712	352.85%	246.92%
CT	Trn Op	618,576	226,257	36.58%	36.13%
	Yd Op	212,840	77,961	36.63%	33.93%
	Trn & Yd Op	406	161	39.66%	35.59%
	SPSVCOP	30,541	5,272	17.26%	16.81%
	Admin Supp	33,836	14,439	42.67%	35.48%
GA	Gen & Admin	15,500	6,638	42.83%	39.83%

CREW MATERIALS (Sch 410)

Engine Crew Material		
	In 402 Col (c)	75,000
Train Crew Material		
	In 403 Col (c)	1,406,000
Train Insp. & Lubrication		
Wages	In 408 Col (b)	49,728,000
Materials	In 408 Col (c)	185,000

SERVICING LOCOMOTIVES (Sch 410)

System Labor Expense		
	In 411 Col (b)	16,204,000
System Material Expense		
	In 411 Col (c)	7,258,000
System Purchased Expense		
	In 411 Col (d)	4,454,000
System General Expense		
	In 411 Col (e)	-

LOCOMOTIVE REPAIR (Sch 410)

System Labor Expense		
	In 411 Col (b)	58,801,000
System Material Expense		
	In 411 Col (c)	99,212,000
System Purchased Expense		
	In 411 Col (d)	4,918,000
System General Expense		
	In 411 Col (e)	57,000

**R-1 INFORMATION 2003
Scenario II**
Investment in Equipment: Diesel Locomotives

			Beg Yr		End Yr	Avg Yr
Sch 710	Ln 1 Col (b)	Fght	3,221	Col (J)	3,148	3,185
	Ln 2 Col (b)	Psgr	0	Col (J)	0	0
	Ln 4 Col (b)	Swtg	189	Col (J)	187	188
	Ln 9 Col (b)	Aux	<u>77</u>	Col (J)	<u>74</u>	<u>76</u>
			3,487		3,409	3,448
Sch 332	Ln 31 col(d)	Depr	3.58%			
(Reprs)					Labor	
Sch 415	Ln 1 Col (b)	Yd	13,169,000	8.1%		
	Ln 2 Col (b)	Rd	<u>149,819,000</u>	91.9%		
	Ln 5 Col (b)	Total	\$162,988,000			
(Loco Fuel)						
Sch 410	Ln 409 Col (h)		348,847,000	91.8%	49,728	Ln 408 Col (b)
	Ln 425 Col (h)		<u>31,285,000</u>	8.2%	<u>0</u>	Ln 425 Col (b)
			\$380,132,000		\$49,728	\$330,404
(Svc Loco)						
Sch 410	Ln 411 Col (h)		27,916,000	97.7%	16,204	Ln 411 Col (b)
	Ln 427 Col (h)		<u>650,000</u>	2.3%	<u>650</u>	Ln 427 Col (b)
			\$28,566,000		\$16,854	\$11,712

Loco ROI

LOCOMOTIVE RETURN ON INVESTMENT
Burkeville to Pamplin, VA - Scenario II

Base Year
04/03 - 03/04

GMA'S LOCO
CAT 7

A. SYSTEM LOCO UNIT HOURS	10,329,114
B. SYSTEM LOCO UNITS	3,184.5
C. SYS LOCO UNIT HRS./LOCO UNIT (LINE A / LINE B)	3,244
D. REPLACEMENT COST	\$1,402,738
E. DEPRECIATION RATE	3.58%
F. ANNUAL DEPRECIATION (LINE D x LINE E)	\$50,218
G. LOCO AGE	24.9
H. ACCUMULATED DEPRECIATION (LINE F x LINE G)	\$1,250,428
I. NET INVESTMENT (LINE D - LINE H)	\$152,310
J. COST OF CAPITAL	14.93%
K. ANNUAL ROI (LINE I x LINE J)	\$22,736
L. LOCO UNITS BY CATEGORY (100% SAMPLE)	1
M. TOTAL LOCO UNITS IN SAMPLE	1
N. RATIO LOCO UNITS BY CATEGORY (LINE L / LINE M)	1.00
O. LOCO UNIT HOURS ON BRANCH	343.2
P. LOCO UNIT HOURS ON BRANCH BY LOCO CATEGORY (LINE N x LINE O)	343.0
Q. RATIO LOCO UNIT HOURS ON BRANCH TO SYS LOCO UNIT HOURS PER LOCO UNIT (LINE P / LINE C)	0.106
R. ANNUAL ROI ON BRANCH (LINE K x LINE Q)	\$2,410
S. TOTAL ROI (SUM OF LINE R AMOUNTS)	

Burkeville to Pamplin, VA - Scenario II

Loco ROI

8/19/2004

	Forecast Year 09/04 - 08/05
	GMA'S LOCO CAT 7
A. SYSTEM LOCO UNIT HOURS	10,329,114
B. SYSTEM LOCO UNITS	3,185
C. SYS LOCO UNIT HRS./LOCO UNIT (LINE A / LINE B)	3,244
D. REPLACEMENT COST	\$1,470,409
E. DEPRECIATION RATE	3.58%
F. ANNUAL DEPRECIATION (LINE D x LINE E)	\$52,641
G. LOCO AGE	25.9
H. ACCUMULATED DEPRECIATION (LINE F x LINE G)	\$1,363,402
I. NET INVESTMENT (LINE D - LINE H)	\$107,007
J. COST OF CAPITAL	14.9%
K. ANNUAL ROI (LINE I x LINE J)	\$15,974
L. LOCO UNITS BY CATEGORY (100% SAMPLE)	1
M. TOTAL LOCO UNITS IN SAMPLE	1
N. RATIO LOCO UNITS BY CATEGORY (LINE L / LINE M)	1.00
O. LOCO UNIT HOURS ON BRANCH	343.2
P. LOCO UNIT HOURS ON BRANCH BY LOCO CATEGORY (LINE N x LINE O)	343.0
Q. RATIO LOCO UNIT HOURS ON BRANCH TO SYS LOCO UNIT HOURS PER LOCO UNIT (LINE P / LINE C)	0.106
R. ANNUAL ROI ON BRANCH (LINE K x LINE Q)	\$1,693
S. TOTAL ROI (SUM OF LINE R AMOUNTS)	

Burkeville to Pamplin, VA - Scenario II
8/19/2004

Loco Depreciation

LOCOMOTIVE DEPRECIATION

Burkeville to Pamplin, VA - Scenario II

	Base Year 04/03 - 03/04
	GMA'S LOCO CAT 7
A. SYSTEM LOCO UNIT HOURS	10,329,114
B. SYSTEM LOCO UNITS	3,185
C. SYS LOCO UNIT HRS./LOCO UNIT (LINE A / LINE B)	3,244
D. REPLACEMENT COST	\$1,402,738
E. DEPRECIATION RATE	3.58%
F. ANNUAL DEPRECIATION (LINE D x LINE E)	\$50,218
G. LOCO UNITS BY CATEGORY (100% SAMPLE)	1
H. TOTAL LOCO UNITS IN SAMPLE	1
I. RATIO LOCO UNITS BY CATEGORY (LINE G / LINE H)	1.0
J. LOCO UNIT HOURS ON BRANCH	343
K. LOCO UNIT HOURS ON BRANCH BY LOCO CATEGORY (LINE I x LINE J)	343
L. RATIO LOCO UNIT HOURS ON BRANCH TO SYS LOCO UNIT HOURS PER LOCO UNIT (LINE K / LINE C)	0.106
M. ANNUAL DEPRECIATION ON BRANCH (LINE F x LINE L)	\$5,323
N. TOTAL DEPRECIATION (SUM OF LINE M AMOUNTS)	

Burkeville to Pamplin, VA - Scenario II
8/19/2004

Loco Depreciation

LOCOMOTIVE DEPRECIATION

Burkeville to Pamplin, VA - Scenario II

	Forecast Year 09/04 - 08/05
	GMA'S LOCO CAT 7
A. SYSTEM LOCO UNIT HOURS	10,329,114
B. SYSTEM LOCO UNITS	3,185
C. SYS LOCO UNIT HRS./LOCO UNIT (LINE A / LINE B)	3,244
D. REPLACEMENT COST	\$1,470,409
E. DEPRECIATION RATE	3.58%
F. ANNUAL DEPRECIATION (LINE D x LINE E)	\$52,641
G. LOCO UNITS BY CATEGORY (100% SAMPLE)	1
H. TOTAL LOCO UNITS IN SAMPLE	1
I. RATIO LOCO UNITS BY CATEGORY (LINE G / LINE H)	1.0
J. LOCO UNIT HOURS ON BRANCH	343
K. LOCO UNIT HOURS ON BRANCH BY LOCO CATEGORY (LINE I x LINE J)	343
L. RATIO LOCO UNIT HOURS ON BRANCH TO SYS LOCO UNIT HOURS PER LOCO UNIT (LINE K / LINE C)	0.106
M. ANNUAL DEPRECIATION ON BRANCH (LINE F x LINE L)	\$5,580
N. TOTAL DEPRECIATION (SUM OF LINE M AMOUNTS)	

Crew Materials

CREW MATERIALS (TRAIN & ENGINE) AND TRAIN INSPECTION AND LUBRICATION

Burkeville to Pamplin, VA - Scenario II

Base Year
04/03 - 03/04

	ENGINE CREW MATERIAL (21-31-56)	TRAIN CREW MATERIAL (21-31-57)	TRAIN INSPECTION & LUBRICATION	
			WAGES (11-31-62)	MATERIALS (21-31-62)
A. SYSTEM EXPENSES	\$75,000	\$1,406,000	\$49,728,000	\$185,000
B. CAR MILE PORTION RATIO	69%	69%	69%	69%
C. SYSTEM CAR MILE EXPENSES (LINE A x LINE B)	\$51,750	\$970,140	\$34,312,320	\$127,650
D. SYSTEM CAR MILES L & E (RR OWN & LEA, PVT & NO PAY MI)	4,380,759,000	4,380,759,000	4,380,759,000	4,380,759,000
E. SYSTEM EXPENSES PER CAR MILE L/E (LINE C / LINE D)	\$0.0000118	\$0.0002215	\$0.0078325	\$0.0000291
F. BRANCH CAR MILES L & E	4,740	4,740	4,740	4,740
G. BRANCH CAR MILE EXPENSES (LINE E x LINE F)	\$0	\$1	\$37	\$0
H. CARLOAD PORTION RATIO	31%	31%	31%	31%
I. SYSTEM CAR LOAD EXPENSES (LINE A x LINE H)	\$23,250	\$435,860	\$15,415,680	\$57,350
J. SYSTEM CARLOADS (QCS-COST DEPT)	11,369,188	11,369,188	11,369,188	11,369,188
K. SYSTEM EXPENSES PER CARLOAD (LINE I / LINE J)	\$0.00205	\$0.03834	\$1.35592	\$0.00504
L. BRANCH CARLOADS	158	158	158	158
M. BRANCH CARLOAD EXPENSES (LINE K x LINE L)	\$0	\$6	\$214	\$1
TOTAL EXPENSES (LINE G + LINE M)	\$0	\$7	\$251	\$1

Loco Service

SERVICING LOCOMOTIVES

Burkeville to Pamplin, VA - Scenario II

Base Year
04/03 - 03/04

A. BRANCH LOCO UNIT MILES	5,616
B. SYSTEM LOCO UNIT MILES	165,463,558
C. RATIO (LINE A/ LINE B)	0.000034
D. SYSTEM LABOR EXPENSE (ACC 11-31-69) (R-1, Sch. 410, Line 411)	\$16,204,000
E. BRANCH LABOR EXPENSE (LINE C x LINE D)	\$550
F. SYSTEM MATERIAL EXPENSE (ACC 21-31-69)	\$7,258,000
G. BRANCH MATERIAL EXPENSE (LINE C x LINE F)	\$246
H. SYSTEM PURCHASED EXPENSE (ACC 41-31-69)	\$4,454,000
I. BRANCH PURCHASED EXPENSE (LINE C x LINE H)	\$151
J. SYSTEM GENERAL EXPENSE (ACC 61-31-69)	\$0
K. BRANCH GENERAL EXPENSE (LINE C x LINE J)	\$0

Burkeville to Pamplin, VA - Scenario II
8/19/2004

Loco Repairs

LOCOMOTIVE REPAIRS AND MAINTENANCE

Burkeville to Pamplin, VA - Scenario II

**Base Year
04/03 - 03/04**

A. BRANCH TONS PER UNIT	175
B. BRANCH LOCO UNIT MILES	5,616
C. BRANCH LOCO GTM (LINE A x LINE B)	979,992
D. SYSTEM LOCO GTM	30,236,142,000
E. RATIO (LINE C / LINE D)	0.000032
F. RATIO ROAD PORTION	0.919
G. SYSTEM LABOR EXPENSE (ACC 11-21-41)	\$58,801,000
H. BRANCH LABOR EXPENSE (LINE'S E x F x G)	\$1,752
I. SYSTEM MATERIAL EXPENSE (ACC 21-21-41)	\$99,212,000
J. BRANCH MATERIAL EXPENSE (LINE'S E x F x I)	\$2,956
K. SYSTEM PURCHASED EXPENSE (ACC 41-21-41)	\$4,918,000
L. BRANCH PURCHASED EXPENSE (LINE'S E x F x K)	\$147
M. SYSTEM GENERAL EXPENSE (ACC 61-21-41)	\$57,000
N. BRANCH GENERAL EXPENSE (LINE'S E x F x M)	\$2
O. FRINGE RATE	42.11%
P. TOTAL FRINGES (LINE H x LINE O)	\$738

Burkeville to Pamplin, VA - Scenario II
8/19/2004

Loco Fuel

LOCOMOTIVE FUEL

Burkeville to Pamplin, VA - Scenario II

**Base Year
04/03 - 03/04**

	GMA'S LOCO CAT 7
A. GMA'S REPAIR & SUPPLIES COSTS PER LOCO UNIT HR. (AS OF 7/1/82)	\$81.50
B. GMA'S FUEL PORTION	0.64
C. FUEL EXPENSE PER LOCO UNIT HR. (LINE A x LINE B)	\$52.16
D. AAR'S CRC INDEX - FUEL (ANNUAL 1982 TO CURRENT YEAR)	0.952
E. FUEL EXPENSE PER LOCO UNIT HR. (LINE C x D)	\$49.67
F. LOCO UNITS BY CATEGORY (20% SAMPLE)	1
G. TOTAL LOCO UNITS IN SAMPLE	1
H. RATIO LOCO UNITS BY CATEGORY (LINE F / LINE G)	1.00
I. TOTAL LOCO UNIT HOURS ON BRANCH	343
J. LOCO UNIT HOURS ON BRANCH BY LOCO CATEGORY (LINE H x LINE I)	343
K. FUEL EXPENSES BY CATEGORY (LINE E x LINE J)	\$17,047
L. TOTAL FUEL EXPENSES (SUM OF LINE K AMOUNTS)	

Burkeville to Pamplin, VA - Scenario II
8/19/2004

Working Capital

Burkeville to Pamplin, VA - Scenario II

	04/03 - 03/04 Base <u>Year</u>	09/04 - 08/05 Forecast <u>Year</u>
Working Capital		
On branch avoidable cost	220,815	228,454
less loco dep	5,323	5,580
less frt car dep	88	91
subtotal	215,404	222,783

@ 15 days on branch cash avoidable cost (provision 49 CFR 1152.34)
15/365= 0.041

Working Capital	8,832	9,134
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Income Tax Consequences

NLV * 37% Tax Rate

2003/04 NLV * 37% =	1,290,144 * 37% =	477,353
2004/05 NLV * 37% =	1,354,651 * 37% =	501,221

Burkeville to Pamplin, VA - Scenario II
8/19/2004

Loco Holding

**LOCOMOTIVE RETURN ON INVESTMENT
LESS HOLDING GAIN(LOSS)
Burkeville to Pamplin, VA - Scenario II**

	FORECAST YEAR GMA'S LOCO CAT 7
A. SYSTEM LOCO UNIT HOURS	10,329,114
B. SYSTEM LOCO UNITS	3,185
C. SYS LOCO UNIT HRS./LOCO UNIT (LINE A / LINE B)	3,244
D. REPLACEMENT COST (END OF FORECAST YEAR)	1,470,409
E. REPLACEMENT COST (BEGINNING OF FORECAST YEAR)	1,402,738
F. HOLDING GAIN(LOSS) AT REPLACEMENT (LINE D - LINE E)	67,671
G. TOTAL YEARS DEPRECIATION (100% / 3.86%)	27.9
H. LOCOMOTIVE AGE	25.9
I. NET BASE INVESTMENT YEARS (LINE G - LINE H)	2.0
J. REPL. LESS DEPR. ADJUSTMENT RATIO (LINE I / LINE G)	0.073
K. HOLDING GAIN(LOSS) AT REPL. LESS DEPR. (LINE F x LINE J)	4,925
L. LOCO UNITS BY CATEGORY	1
M. TOTAL LOCO UNITS IN SAMPLE	1
N. RATIO LOCO UNITS BY CATEGORY (LINE L / LINE M)	1.0
O. LOCO UNIT HOURS ON BRANCH	343.2
P. LOCO UNIT HOURS ON BRANCH BY LOCO CAT (LINE N x LINE O)	343.2
Q. RATIO LUH ON BR. TO SYS LUH PER LOCO UNIT (LINE P / LINE C)	0.106
R. HOLDING GAIN(LOSS) BY LOCO CAT. (LINE K x LINE Q)	521
S. HOLDING GAIN(LOSS) (SUM OF LINE R AMOUNTS)	
T. RETURN ON INVESTMENT (SEE BASE YEAR ROI SHEET)	
U. ROI MINUS HOLDING GAIN(LOSS) (LINE T - LINE S)	

Burkeville to Pamplin, VA - Scenario II
8/19/2004

Car Cost
CAR COST (DAILY)
 Burkeville to Pamplin, VA - Scenario II
 Base Year
 04/03 - 03/04

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
ICC CAR GROUP	NUMBER OF CARS	AVG. CAR DAYS ON- BRANCH PER CAR	CAR DAYS ON BRANCH (COL 2x3)	COST PER CAR DAY (REPAIR & DEPR)	DAILY COST (REPAIR & DEPR) (COL 4x5)	COST PER CAR DAY (ROI)	DAILY COST (ROI) (COL 4x7)	COST PER CAR DAY (DEPR)	DAILY COST (DEPR) (COL 4x9)	HOLDING GAIN(LOSS) PER CAR DAY	TOTAL HOLDING GAIN(LOSS)
01	0	4	0.0		\$0		\$0		\$0		\$0
02	0	4	0.0	(\$31.0820)	\$0	(\$30.1452)	\$0	\$0.1673	\$0	(\$3.49)	\$0
PVT2	0	N/A	0.0		\$0		\$0		\$0		\$0
03	0	4	0.0	\$10.4989	\$0	\$17.8869	\$0	\$2.3859	\$0	\$2.07	\$0
04	0	4	0.0	\$3.5070	\$0	\$14.6665	\$0	\$5.1347	\$0	\$1.70	\$0
05	136	4	544.0	\$1.7510	\$953	\$15.9127	\$8,556	\$0.0689	\$37	\$1.84	\$1,003
06	11	4	44.0	\$5.7008	\$251	\$8.9197	\$392	\$0.9414	\$41	\$1.03	\$45
PVT6	11	N/A	0.0		\$0		\$0		\$0		\$0
07	0	4	0.0	\$4.3733	\$0	\$15.2081	\$0	\$3.5728	\$0	\$1.76	\$0
08	0	4	0.0	\$5.1913	\$0	\$20.3312	\$0	\$3.1477	\$0	\$2.36	\$0
09	0	4	0.0	\$24.3895	\$0	\$0.0000	\$0	\$0.0000	\$0	\$0.00	\$0
10	0	4	0.0	\$14.5967	\$0	\$12.3489	\$0	\$2.9707	\$0	\$1.43	\$0
11	0	4	0.0	\$55.0319	\$0	\$4.4828	\$0	\$1.6060	\$0	\$0.52	\$0
12	0	4	0.0	\$105.2025	\$0	\$7.0839	\$0	(\$0.1662)	\$0	\$0.82	\$0
13	0	4	0.0	(\$0.2224)	\$0	\$21.5036	\$0	\$4.2993	\$0	\$2.49	\$0
14	0	4	0.0	\$11.7675	\$0	\$11.4807	\$0	\$1.9732	\$0	\$1.33	\$0
PVT14	0	N/A	0.0		\$0		\$0		\$0		\$0
15	0	N/A	0.0		\$0		\$0		\$0		\$0
16	0	N/A	0.0		\$0		\$0		\$0		\$0
17	0	4	0.0	\$6.8185	\$0	\$11.5219	\$0	\$2.0478	\$0	\$1.33	\$0
PVT17	0	N/A	0.0		\$0		\$0		\$0		\$0
TOTAL	158				\$1,203		\$9,049		\$79		\$1,048
					(REPAIR & DEPR)		(ROI)		(DEPR)		(HOLDING GAIN)

CAR COST (MILEAGE)
 Burkeville to Pamplin, VA - Scenario II
 Base Year

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
ICC CAR GROUP	NUMBER OF CARS	LOADED CAR MI. ON BRANCH	RATIO LOADED TO EMPTY	LD & MTY CAR MI. ON BRANCH (COL. 3x4)	COST PER CAR/MI (REPAIR & DEPR)	MILEAGE COST (REPAIR & DEPR) (COL. 5x6)	COST PER CAR/MI (DEPR)	MILEAGE COST (DEPR) (COL. 5x8)
01	0	0	2	0		\$0		\$0
02	0	0	2	0	\$0.2226	\$0	\$0.0070	\$0
PVT2	0	0	1	0	\$0.5466	\$0		\$0
03	0	0	2	0	\$0.0667	\$0	\$0.0269	\$0
04	0	0	2	0	\$0.0716	\$0	\$0.0567	\$0
05	136	2040	2	4080	\$0.0233	\$95	\$0.0011	\$5
06	11	165	2	330	\$0.0537	\$18	\$0.0124	\$4
PVT6	11	165	1	165	\$0.0457	\$8		\$0
07	0	0	2	0	\$0.0783	\$0	\$0.0612	\$0
08	0	0	2	0	\$0.0965	\$0	\$0.0836	\$0
09	0	0	2	0	\$0.1234	\$0	\$0.0000	\$0
10	0	0	2	0	\$0.0802	\$0	\$0.0270	\$0
11	0	0	2	0	\$0.1161	\$0	\$0.0071	\$0
12	0	0	2	0	\$0.1717	\$0	\$0.1160	\$0
13	0	0	2	0	\$0.0715	\$0	\$0.0461	\$0
14	0	0	2	0	\$0.0772	\$0	\$0.0202	\$0
PVT14	0	0	1	0	\$0.3900	\$0		\$0
15	0	0	1	0		\$0		\$0
16	0	0	1	0		\$0		\$0
17	0	0	2	0	\$0.0214	\$0	\$0.0070	\$0
PVT17	0	0	1	0	\$0.3856	\$0		\$0
TOTAL	158	2,370		4,575		\$120		\$9

TOTAL - DAILY & MILEAGE

	REPAIRS AND DEPRECIATION	ROI	DEPRECIATION (ONLY)
DAILY:	\$1,203	\$9,049	\$79
MILEAGE:	\$120	N/A	\$9
TOTAL:	\$1,324	\$9,049	\$88
HOLDING GAIN(LOSS)		\$1,048	
ROI LESS HOLDING GAIN(LOSS)		\$8,001	

2003 Railroad Cost of Capital

	Debt	Common Equity	
1) Nominal Cost	0.050	0.127	
2) Real Cost $((1+J7)/\text{deflator})-1$	0.033	0.108	
3) Market Weight	0.428	0.572	
4) After Tax			
a. Nominal $J7*J9$	0.0214	0.0726	9.40%
b. Real $J8*J9$	0.0140	0.0620	7.61%
5) Pre-tax (change in equity only)			
a) Nominal $4a/(1-\text{tax rate}^*)$	0.033968	0.115308	14.93%
b) Real $4b/(1-\text{tax rate}^*)$	0.022245	0.098491	12.07%
6) Holding Gain			2.85%

*Assume 37% tax rate

Gross Domestic Product Implicit Price Deflator
Chain Type Index (Series 2000=100)
Source: Global Insight, April 2004

UQCSS:JPGDP.Q	Average for Four Quarters Ending this Quarter	Period Represented	Change
1999Q1	97.274		
1999Q2	97.701		
1999Q3	98.022		
1999Q4	98.475		
2000Q1	99.292		
2000Q2	99.78		
2000Q3	100.241		
2000Q4	100.687		
2001Q1	101.478		
2001Q2	102.273		
2001Q3	102.676		
2001Q4	103.078		
2002Q1	103.364		
2002Q2	103.738		
2002Q3	104.123		
2002Q4	104.571	103.9480 2002	1.54%
2003Q1	105.163		
2003Q2	105.44		
2003Q3	105.87		
2003Q4	106.27	105.6849 2003	1.67%
2004Q1	107.019	106.1482 Base Year	
2004Q2	107.784		
2004Q3	108.4211		
2004Q4	108.9504	108.0412 2004	2.23%
2005Q1	109.5078		
2005Q2	109.9975		
2005Q3	110.4161	110.1833 Forecast Year	3.80%
2005Q4	110.816		
2006Q1	111.2772		
2006Q2	111.7013		
2006Q3	112.1501		
2006Q4	112.6466		

Scenario III:

The crew providing service on the Line, Job No. V05V2, operates off-branch via: Crewe to Burkeville, then from Burkeville to Pamplin via the B Line. Once at Pamplin, the crew goes on-branch at Pamplin; traverses to Farmville; carries out switching of traffic at Farmville; and then returns to Pamplin. Once at Pamplin, the crew goes off-branch and traverses from Pamplin to Burkeville over the B-Line and then from Burkeville to Crewe. Operating speed is 25 mph for both on-branch and off-branch movements.

	Route via Stations	MP	Miles	Running Time (Hrs/Minutes)	
Off Branch Miles/Time	Crewe	MP N 128.90	4.50		
	Burkeville	MP N 133.40	04.50	00'	11"
	Over B Line				
	Burkeville	MP B 00.00	04.50		
	Pamplin	MP B 36.90	41.40	01'	40"
	Pamplin	MP N 169.10	41.40		
On Branch Miles/Time	Pamplin	MP N 167.90	42.60	01'	43"
	Pamplin	MP N 167.90	00.00		
	Farmville	MP N 149.10	18.80	00'	45"
	Switching at Farmville – 1 Hour			01'	45"
	Farmville	MP N 149.10	18.80	01'	45"
Off Branch Miles/Time	Pamplin	MP N 167.90	37.60	02'	30"
	Pamplin	MP N 167.90	00.00		
	Pamplin	MP N 169.10	01.20	00'	03"
	Pamplin	MP B 36.90	00.00	00'	00"
Off Branch Miles/Time	Burkeville	MP B 00.00	38.10	01"	32"
	Burkeville	MP N 133.40	38.10	01'	32"
	Crewe	MP N 128.90	42.60	01'	43"

RECAP: Scenario III

Total Off-Branch Miles:	85.20
Total Off-Branch Time:	3' 26"
Total On-Branch Miles:	37.60
Total On-Branch Time:	1' 30"
Total Switching Time:	1' 00"
Total Miles	122.80
Total Time - Off/On-Branch/Switching	5' 56"

Calculation: Actual Annual On-Branch Crew Time/Cost (Job. No. V05V2) –

On-branch Crew Time: 2' 30"/trip x 3/trips per week = 7'30" (7.50)/week x 52 weeks = 390 hrs ÷ 8 hrs (train trip day) = 48.75 days per year.

On-branch Crew Cost: Total base year crew wages: \$122,216 (Engineer: \$64,820; Conductor: \$57,396) ÷ 293 (total annual trips/days) x 48.75 serving days per year = \$20,335 + \$14,133 fringe = \$34,468 Crew Cost.

Norfolk Southern Railway Company
Pro Forma Income Statement
Scenario III

Per the proposed abandonment of the Burkeville to Pamplin, VA branch line, following are railway operating revenues and expenses* based on providing rail freight delivery to Farmville, VA (MP N 149.10), via operation over the branch line from: Pamplin to Farmville, VA – N 167.90 to 149.10, a distance of approximately 18.80 miles.

	Base Year 1 / 158 CL	Forecast Year 2 / 158 CL
REVENUES ATTRIBUTABLE FOR:		
1. Freight Originating and/or Terminating on Branch	\$ 166,373	\$ 172,698
2. Bridge Traffic		
3. All Other Revenue and Income		
4. TOTAL ATTRIBUTABLE REVENUE (Lines 1 through 3) (a)	\$ 166,373	\$ 172,698
AVOIDABLE COSTS FOR:		
5. ON-BRANCH COSTS:		
a. Way and Structures (b)	\$ 70,710	\$ 73,398
b. Equipment (c)	12,800	13,348
c. Transportation (d)	55,256	57,356
d. General and Administrative		
e. Deadheading, Taxi and Hotel		
f. Overhead Movement		
g. Freight Car Costs (Other Than Return) (e)	1,354	1,406
h. Return on Value - Locomotives (f)	2,728	1,917
i. Return on Value - Freight Cars (e)	9,049	9,393
j. Revenue Taxes		
k. Property Taxes		
l. TOTAL (Lines 5a through 5k)	\$ 151,898	\$ 156,818
m. Holding Gain (Loss) - Locomotives (f)		592
n. Holding Gain (Loss) - Freight Cars (e)		1,048
o. NET ON-BRANCH COSTS (Lines 5l - (5m+5n))	\$ 151,898	\$ 155,177
6. OFF BRANCH COSTS: (g)		
a. Off-Branch Costs (Other than Return)	\$ 91,611	\$ 95,094
b. Return on Value - Freight Cars	12,911	13,402
c. Holding Gain (Loss) - Freight Cars		1,496
d. NET OFF-BRANCH COSTS (Lines 6a + 6b - 6c)	\$ 104,522	\$ 107,000
7. TOTAL AVOIDABLE COSTS (Lines 5o + 6d)	\$ 256,420	\$ 262,177
SUBSIDIZATION COSTS FOR:		
8. Rehabilitation		
9. Administrative Costs (Subsidy Year Only) (See Note 1)		
10. Casualty Reserve Account (See Note 1)		
11. TOTAL SUBSIDIZATION COST (Lines 8 through 10)		
12. Valuation of Road Properties (See Note 2)		
a. Working Capital	5,977	6,167
b. Income Tax Consequences	(601,949)	(632,047)
c. Net Liquidation Value	1,626,890	1,708,235
d. TOTAL (Lines 12a through 12c)	1,030,918	1,082,355
13. Nominal Rate of Return (See Note 3)	14.93%	14.93%
14. Nominal Return on Value (Line 12d x 13)	153,892	161,570
15. Holding Gain (Loss) (See Note 4)		81,345
16. TOTAL RETURN ON VALUE (Line 14 - 15)	153,892	80,226
17. AVOIDABLE LOSS (PROFIT) FROM OPERATIONS (Lines 7- 4)	90,047	89,479
18. AVOIDABLE LOSS INCLUDING RETURN ON VALUE (Lines 7- 4+16)	\$ 243,939	\$ 169,705

* Derived from Norfolk Southern Corporation (NS) combined railroad subsidiaries information.

1/ April 2003 – March 2004 is the Base Year

2/ September 2004 – August 2005 is the Forecast Year

Norfolk Southern Railway Company
Pro Forma Income Statement
Scenario III

- (a) Base year attributable branch traffic and revenues are for one hundred fifty-eight (158) carloads, which originated and/or terminated on the branch. Forecast year attributable traffic and revenue are for the same one hundred fifty-eight (158) carloads, which originated and/or terminated on the branch. Forecast year revenues are derived from the base year revenues by indexing them to the Gross Domestic Product (GDP) Implicit Price Deflator, Seasonally Adjusted (Quarterly Series, 2000=100), using Forecast Year predicted values provided by Global Insight. The Base Year to Forecast Year adjustment factor thus produced is 3.80%.
- (b) The normalized annual Way and Structures (WS) expenses to operate the branch line between Pamplin, VA, Milepost N 167.90 and Farmville, VA, Milepost N 149.10, at the FRA Class I (10 MPH) track and safety standards for the base year are \$ 70,710. WS expenses to operate the branch between Pamplin, VA Milepost N 167.90 and Farmville, VA Milepost N 149.10, for the forecast year are \$73,398, derived from the base year expense adjusted using the GDP deflator as described in (a).
- (c) Equipment includes repairs and maintenance of locomotives, totaling \$5,881, which is calculated in accordance with provisions of 49 C.F.R. §1152.33(b)(1), fringe benefits, totaling \$893, which is calculated in accordance with provisions of 49 C.F.R. §1152.33(b)(3), and depreciation of locomotives, totaling \$6,026, which is calculated in accordance with provisions of 49 C.F.R. §1152.32(o) and §1152.33(b)(2), totaling \$12,800 for the base year. Base year expenses are adjusted using the GDP deflator as described in (a) to produce the forecast year expense of \$13,348.
- (d) Base year transportation expenses are based on the operation of a local train, which provides rail freight service at Farmville, VA (Milepost N 149.10) to the only customers on the Burkeville to Pamplin, VA Branch Line, via the branch line segment from Pamplin, VA Milepost N 167.90 to Farmville, VA Milepost N 149.10. NS provided local service approximately 156 times in the base year. A two-man crew operates the local train service, which takes approximately 2.50 hours.

Base year transportation expenses include the train and engine crew (T&E) labor (2 man crew), totaling \$34,468 (including fringe benefits), which is calculated on the average costs of the crew, T&E material account 21-31-57, totaling \$7, which is calculated in accordance with the provisions of 49 C.F.R. §1152.33(c)(1)(i), train inspection and lubrication, totaling \$262, which is calculated in accordance with provisions of 49 C.F.R. §1152.33(c)(1)(i), locomotive fuel, totaling \$19,371, which is calculated in accordance with provisions of 49 C.F.R. §1152.33(c)(1)(ii), and servicing locomotives, totaling \$1,147, which is calculated in accordance with provisions of 49 C.F.R. §1152.33(c)(1)(iv), totaling \$55,256 for the base year.

Forecast year transportation expenses, which are adjusted using the GDP deflator as described in (a), include the train and engine crew (T&E) labor (2 man crew), totaling \$35,778 (including fringe benefits), T&E material account 21-31-57, totaling \$8, which is calculated in accordance with the provisions of 49 C.F.R. §1152.33(c)(1)(i), train inspection and lubrication, totaling \$272, locomotive fuel, totaling \$20,108, and servicing locomotives, totaling \$1,190, which is calculated in accordance with provisions of 49 C.F.R. §1152.33(c)(1)(iv), totaling \$57,395 for the forecast year.

- (e) Calculated in accordance with provisions of 49 C.F.R. §1152.32(g).
- (f) Calculated in accordance with provisions of 49 C.F.R. §1152.32(h).
- (g) Off-branch costs are calculated in accordance with 49 C.F.R. §1152.32(n). Forecast year expenses for the Burkeville to Pamplin, VA Branch Line are calculated by adjusting the Base Year off-Branch costs using the GDP deflator as described in (a).

Norfolk Southern Railway Company
Pro Forma Income Statement
Scenario III

- Note 1. Omitted in accordance with provisions of Footnote 2 in 49 C.F.R. §1152.36.
- Note 2. Total valuation of properties is the sum of working capital, income tax consequences and net liquidation value (NLV). Working capital is calculated in accordance with provisions of 49 C.F.R. §1152.34(c)(1)(i). The base year estimated income tax consequences are \$ 601,949; \$1,626,890, the net liquidation value of the track and structures on the Pamplin, VA Milepost N 167.90 to Farmville, VA Milepost N 149.10 segment of the Burkeville to Pamplin Branch Line, multiplied by 37%, the F.I.T. and state tax rates. The forecast year estimated income tax consequences are \$632,047; \$1,708,235, the forecasted year net liquidation value of the track and structures on the Pamplin, VA Milepost N 167.90 to Farmville, VA Milepost N 149.10 segment of the Burkeville, VA to Pamplin, VA Milepost Branch Line, multiplied by the 37% tax rate. The fair market value of right-of-way land held in fee is not available at this time.
- Note 3. The nominal before tax cost of capital rate of 14.93% is based on Railroad Cost of Capital - 2003, Ex Parte No. 558 (Sub-No.7), Service Date June 28, 2004, decided June 22, 2004.
- Note 4. Holding gain (loss) on road properties is calculated in accordance with provisions of 49 C.F.R.1152.34(e). \$1,708,235 the net liquidation value of the Pamplin to Farmville, VA segment of the Burkeville to Pamplin, VA Branch Line at the end of the forecast year, less \$1,626,890, the net liquidation value of the Burkeville to Pamplin, VA Branch for the current year, totaling \$81,345.

Norfolk Southern Railway Company
Opportunity Cost Statement
Scenario III

Proposed Abandonment: Burkeville to Pamplin, VA Branch Line
Rail Freight Service at Farmville, VA
Service via Branch Line Segment:
Pamplin to Farmville, VA

1.	Current net liquidation value	\$	1,626,890 ¹
2.	Cost of capital	x	.1493 ²
3.	Nominal opportunity cost (Line 1 times line 2)	\$	242,895
4.	Holding gain (loss)		81,345 ¹
5.	Opportunity cost (Line 3 less line 4)	\$	161,550

¹ \$1,626,890 is the net liquidation value for the Pamplin to Farmville, VA line segment of the Burkeville to Pamplin, VA Branch Line for the current year. Using \$1,708,235 as the net liquidation value for the Pamplin to Farmville, VA branch line segment at the end of the forecast year produces a holding gain (loss) of \$81,345.

² Based on Railroad Cost of Capital - 2003, Ex Parte No. 558 (Sub-No. 7), Service Date June 28, 2003, the nominal before tax cost of capital is 14.93%.

RPD

NORFOLK SOUTHERN CORPORATION

ATLANTA 02-Apr-04

NET LIQUIDATION VALUE ESTIMATE
 BURKEVILLE TO PAMPLIN CITY, VA
 SCENARIO III
 N 149.10 – N 167.90
 18.80 MILES OF MAIN TRACK

GROSS VALUE:

132	#RAIL:	4.20 MI	927	NT @	\$315 /NT =	\$292,068
	#OTM:		363	NT @	\$324 /NT =	\$117,580
131	#RAIL:	0.00 MI	0	NT @	\$200 /NT =	\$0
	#OTM:		0	NT @	\$324 /NT =	\$0
130	#RAIL:	14.60 MI	3,173	NT @	\$315 /NT =	\$999,495
	#OTM:		1,263	NT @	\$324 /NT =	\$409,066
115	#RAIL:	0.00 MI	0	NT @	\$352 /NT =	\$0
	#OTM:		0	NT @	\$324 /NT =	\$0
112	#RAIL:	0.00 MI	0	NT @	\$280 /NT =	\$0
	#OTM:		0	NT @	\$324 /NT =	\$0
110	#RAIL:	0.00 MI	0	NT @	\$192 /NT =	\$0
	#OTM:		0	NT @	\$324 /NT =	\$0
100	#RAIL:	0.00 MI	0	NT @	\$300 /NT =	\$0
	#OTM:		0	NT @	\$324 /NT =	\$0
80	#RAIL:	0.00 MI	0	NT @	\$ 99 /NT =	\$0
	#OTM:		0	NT @	\$324 /NT =	\$0
75	#RAIL:	0.00 MI	0	NT @	\$ 99 /NT =	\$0
	#OTM:		0	NT @	\$324 /NT =	\$0
60	#RAIL:	0.00 MI	0	NT @	\$ 99 /NT =	\$0
	#OTM:		0	NT @	\$324 /NT =	\$0
TURNOUTS:			5	EA @	\$2,000 EA =	\$10,000
CROSSTIES: 45 %			26,801	EA @	\$5.00 EA =	\$134,005

GROSS VALUE SUBTOTAL = \$1,962,214

REMOVAL COSTS:

REMOVE TRACK AND REPAIR

GRADE CROSSINGS:	18.80 MI. @	\$14,000 /MI. =	(\$263,200)
REMOVE TURNOUTS:	5 EA @	\$500 EA =	(\$ 2,500)
HANDLING COSTS:	7,736 NT @	\$9.00 /NT =	(\$ 69,624)

REMOVAL COSTS SUBTOTAL = (\$ 335,324)
 =====
 \$1,626,890

ESTIMATED NET LIQUIDATION VALUE =
 BURKEVILLE to PAMPLIN CITY, VA

\$ 86,537 PER MILE

18.80 MILES OF MAIN TRACK

NLV OF TRACK MATERIALS ONLY

(NM)
10 MPH
CLASS I

NO OVERHEAD TRAFFIC

NORMALIZED MAINTENANCE PROJECTION
2004 to 2013
Farmville - Pamplin - Scenario III

		18.80 MILES MAIN TRACK													
		MILEPOSTS N				2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
ROUTINE WORK															
INSPECTION					4,400	4,400	4,400	4,400	4,400	4,400	4,400	4,400	4,400	4,400	4,400
GENERAL TRACK REPAIR					22,100	22,100	22,100	22,100	22,100	22,100	22,100	22,100	22,100	22,100	22,100
RAIL TESTING					1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400
VEGETATION CONTROL					4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300
BRIDGE REPAIRS					2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
ROUTINE					\$34,200	\$34,200	\$34,200	\$34,200	\$34,200	\$34,200	\$34,200	\$34,200	\$34,200	\$34,200	\$34,200
SUBTOTAL					\$34,200	\$34,200	\$34,200	\$34,200	\$34,200	\$34,200	\$34,200	\$34,200	\$34,200	\$34,200	\$34,200
PROGRAM WORK															
RAIL RENEWAL															
TIMBER AND SURFACE	0	\$470,000 PER MILE													
SURFACING	0	67,000 PER MILE													
BRUSH CUTTING	0	11,000 PER MILE													
DITCHING	0	\$508 PER MILE													
BRIDGE RENEWAL - CAPITAL	0	\$599 PER MILE													
- EXPENSE		BRIDGE DEPT.													
PROGRAM															
SUBTOTAL															
MAINTENANCE TOTAL					\$33,900	\$33,600	\$43,200	\$33,600	\$33,600	\$33,600	\$43,200	\$33,600	\$33,600	\$43,200	\$33,600

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MAINTENANCE SUMMARY:

TEN YEAR PROJECTED TOTAL =	ROUTINE WORK	PROGRAM WORK	LINE TOTAL
ANNUAL COST FOR LINE =	ROWY BRIDGE	ROWY BRIDGE	
	322,000	20,000	0
		365,100	\$707,100
ANNUAL COST PER MILE =	32,200	2,000	0
		36,510	\$70,710
	1,713	106	0
		1,942	\$3,761
			PER MILE NORMALIZED

ACTUAL CREW COSTS

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... ..

Background - Scenario III

Burkeville to Pamplin, VA - Scenario III

(Numbers in red change once a year)
(Numbers in blue change for specific branch line)

Background Data:

Base Year: 04/03 - 03/04
Forecast Year: 09/04 - 08/05

Beginning Milepost: 149.10 Burkeville
Ending Milepost: 167.90 Pamplin
Miles to abandon: 18.8
Trips per year: 156

Traffic:	Cars	Revenue
Orig or Term on branch	158	166,373
Switching	0	0
Bridge	0	0
Other	0	0
	158	166,373

Number days per week serve branch line?
crew size? 0.94
Roundtrip mileage crew taxed 2
Hours required to serve line (includes switching)? 0
Average number trips per week? 2.5
Average number days a car is on branch line? 3
Average MPH service on line? 4
Annualized Maintenance (Engineering) 25
Hours for loco ownership? 70,710 Steve Morrell
2.5 per day

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Notes:

Crew Stats:

	Basic	Lonesome	Fringe	Productivity	TOTAL
Conductor	\$9,550	0	\$6,637		\$16,187
Brakeman	\$0.00	0	\$0		\$0
Engineer	\$10,785	0	\$7,496		\$18,281
Totals	\$20,335	0	\$14,133		\$34,468

Loco Stats: (from loco master)

Category Loco Used: 7
Number Used: 1
Average Tons: 174.5
2003 Age: 24.9

1. Loco Unit Hours

A. For ownership (Depreciation & ROI)

2.5 hrs/trip * 156 trips/yr = 390 hours/year

B. For Usage (fuel)

2.5 hrs/trip * 156 trips/yr = 390 hours/year

2. Loco Unit Miles

Running:

Milepost	Pamplin	Farmville	
18.8	167.9	149.1	18.8 miles
37.6	miles *	=	37.6 miles per round trip
	miles *	156 trips/yr =	5,866 miles

Switching:

approx. 60 minutes
1 hours * 6 MPH * 156 Trips/yr = 936 miles

TOTAL:

5,866 + 936 = 6,802 LUM

3. Loco Gross Ton Miles

6,802 LUM * 174.5 tons = 1,186,879 LGTM

Burkeville to Pamplin, VA - Scenario III

ACCOUNT NO.	Exhibit 1		BASE YEAR 04/03 - 03/04	FORECAST YEAR 09/04 - 08/05	Spreadsheet/Source

GDP deflator adjustment:

3.80%

Revenues:

1 a. Freight Originated or Terminated on branch	101	166,373	172,698	
b. Switching	104	0	0	
c. Demurrage	106	0	0	
d. Other		0	0	
2 Bridge traffic (assignable to branch)		0	0	
3 All other revenue and income		0	0	
4 Total revenues attributable (lines 1 through 3)		166,373	172,698	

Avoidable cost:

5 On-branch costs (from spreadsheets)

a. Maintenance of way and structures		70,710	73,398	From Engineering
b. Maintenance of equipment				

1 Locomotives:

Repairs & maintenance

11-21-41 L	2,122	2,202	Loco Repairs
21-21-41 M	3,580	3,716	Loco Repairs
41-21-41 P	177	184	Loco Repairs
61-21-41 G	2	2	Loco Repairs
12-21-00 G	893	927	Loco Repairs
62-21-00 G	6,028	6,317	Loco Depreciation

Fringe benefits

Depreciation

Total Locomotives

2 Other

Total Equipment

c. Transportation

1 Train operations

Engine crews

11-31-56 L	18,281	18,975	Transportation
21-31-56 M	0	0	Crew Materials
11-31-57 L	16,187	16,803	Transportation
21-31-57 M	7	8	Crew Materials
11-31-62 L	261	271	Crew Materials
21-31-62 M	1	1	Crew Materials

Locomotive fuel

Servicing locomotives

11-31-69 L	666	691	Loco Fuel
21-31-69 M	298	309	Loco Service
41-31-69 P	183	190	Loco Service
61-31-69 G	0	0	Loco Service
12-31-00 G	0	0	Included in labor

Fringe benefits

Total transportation

d. General administrative

e. Deadheading, taxi and hotel

f. Overhead movement

g. Freight car costs (other than return on freight cars)

h. Return on value - locomotives

i. Return on value - freight cars

j. Revenue taxes

k. Property taxes

l. Total (lines 5a through 5k)

m. Holding gain (loss)-locomotives

n. Holding gain (loss)-freight cars

o. Net on-branch costs (lines 5l-(5m+5n))

151,898	156,818	
592		Loco Holding
1,048		Car Cost
151,898	155,177	

6 Off-branch costs

a. Off-branch costs (other than return on freight cars)

b. Return on value - freight cars

c. Holding gain (loss)-freight cars

d. Net off-branch costs (a+b-c)

91,611	95,094	Cost Dept .
12,911	13,402	Cost Dept .
	1,496	Cost Dept .
104,522	107,000	

7 Total avoidable costs (line 5o + 6d)

256,420	262,177	
---------	---------	--

Subsidization costs:

8 Rehabilitation

9 Administrative costs

10 Casualty reserve account

11 Total subsidization costs (lines 8 thru 10)

0	0	
0	0	
0	0	
0	0	

12 Valuation of road properties (lines 12a thru 12c)

(a) Working capital

(b) Income tax consequences

(c) Net liquidation value

Total valuation of properties

5,977	6,167	Working Capital
-601,949	-632,047	Working Capital
1,626,890	1,708,235	Working Capital
1,030,918	1,082,355	Working Capital

13 Nominal rate of return

14.93%	14.93%	Pre Tax nominal rate
--------	--------	----------------------

14 Nominal return on value (line 12 * line 13)

153,892	161,570	
---------	---------	--

15 Holding gain (loss) on road properties

	81,345	
--	--------	--

16 Return on value (line 14-15)

153,892	80,226	
---------	--------	--

17 Avoidable loss (profit) from operations (line 7 - 4)

(excludes nominal return on value and opportunity cost, which are avoidable costs).

90,047	89,479	
--------	--------	--

18 Avoidable Loss Including Return on Value (line 4-7+16)

243,939	169,705	
---------	---------	--

Burkeville to Pamplin, VA - Scenario III

8/19/2004

	A	B	C	D	E	F	G
1							sum of items
2							items check
3		Consolidated Off Branch Abandonment Costs					
4		Farmville, VA 2085-2094-Scenario II					
5					amount	control net \$B	
6							
7							
8							
9					\$	10,854	9
10					\$	29,834	79
11	HS				\$	32,379	142
12							
13					\$	11,349	163
14					\$	11,393	163
15							
16							
17							
18							
19							
20					\$	3,403	167
21					\$	5,918	172
22							
23							
24							
25							
26							
27							
28							
29							
30							
31							
32							
33							
34							
35							
36							
37						\$	104,522
38							
39							
40		Total Off Branch Costs, including ROI on Freight Cars					
41							
42							
43						\$	1,786
44						\$	2,102
45						\$	7,204
46	HS						142
47						\$	164
48						\$	1,202
49							163
50							
51							
52							
53						\$	34
54						\$	429
55							167
56							
57							
58							
59							
60							
61							
62							
63							
64							
65							
66							
67							
68							
69							
70							
71							
72							
73							
74						\$	12,911
75							
76							
77		Total ROI On Freight Cars					
78							
79						\$	207
80						\$	244
81						\$	835
82	HS						142
83						\$	19
84						\$	139
85							163
86							
87							
88							
89							
90						\$	4
91						\$	20
92							167
93							172
94							
95							
96							
97							
98							
99							
100							
101							
102							
103							
104							
105							
106							
107							
108							
109							
110							
111							
112							
113							
114							
115							
116							
117							
118							
119							
120						\$	1,499
121							
122							
123							
124							
125							
126							
127							

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	Q	R
1																
2																
3																
4																
5																
6																
7																
8																
9																
10																
11																
12																
13	Box-plain 40	1/														
14	Box-plain 50															
15	Box-equipped															
16	Gondola-plain															
17	Gondola-equipped															
18	Hopper-covered															
19	Hopper-open top GS															
20	Hopper-open S S															
21	Refer-mechanical															
22	Refer-non mech															
23	Flat-TOFC/COFC	3/														
24	Flat-mult level	3/														
25	Flat-gen service															
26	Flat-other															
27	Tank-Under 22,000 gals.															
28	Tank-22,000 gals. and over															
29	All Other Cars															
30																
31																
32	1/ No cars of this type left in service on Norfolk Southern															
33	2/ Based on actual car hire payments															
34	3/ Should these car types appear in abandonments, more in depth analyses is need for cost determination															
35	4/ Ex Parte 274 (Sub-11A) instructions															
36																
37																
38																
39																
40																
41																

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	Q	R
42																	
43	All Other Cars			\$6,8185		\$0,0214		\$11,5219		\$2,0478		\$0,0070		\$0,0000		1.33	
44	Box-equipped			\$10,4988		\$0,0667		\$17,8866		\$2,3859		\$0,0269				2.07	
45	Box-plain 40	1/		\$0,0000		\$0,0000		\$0,0000		\$0,0000		\$0,0000					
46	Box-plain 50			\$31,0820		\$0,2226		\$30,1452		\$0,1673		\$0,0070				(3.49)	
47	Flat-gen service			\$0,2224		\$0,0715		\$21,5038		\$4,2963		\$0,0461				2.49	
48	Flat-multi level	3/		\$105,2025		\$0,1717		\$7,0839		\$0,1662		\$0,1180				0.82	
49	Flat-other			\$11,7675		\$0,0772		\$11,4807		\$1,9732		\$0,0202				1.33	
50	Flat-TOFC/COFC	3/		\$55,0319		\$0,1161		\$4,4828		\$1,5080		\$0,0071				0.52	
51	Gondola-equipped			\$1,7510		\$0,0233		\$15,9127		\$0,0689		\$0,0011				1.84	
52	Gondola-plain			\$3,5070		\$0,0716		\$14,6665		\$5,1347		\$0,0567				1.70	
53	Hopper-covered			\$5,7008		\$0,0537		\$8,9197		\$0,9414		\$0,0124				2.36	
54	Hopper-open S S			\$5,1913		\$0,0965		\$20,3812		\$3,1477		\$0,0636				1.03	
55	Hopper-open top GS			\$4,3733		\$0,0783		\$15,2081		\$3,5728		\$0,0612				1.76	
56	Refer-mechanical			\$24,3895		\$0,1234		\$0,0000		\$0,0000		\$0,0000				0.00	
57	Refer-non mech			\$14,5967		\$0,0902		\$12,3489		\$2,9707		\$0,0270				1.43	
58	Tank--22,000 gals. and over															0.00	
59	Tank--Under 22,000 gals.															0.00	

R-1 INFORMATION 2003
Scenario III

R-1 INFORMATION 2003

Sch 755:

	<u>FGHT</u>	<u>PSGR</u>
A) Ln 7 Train Miles	73,913,145	
B) Ln 11 Locomotive Unit Miles	165,463,558	
C) Ln 12 Locomotive Unit Miles Trn Swtg	8,675,538	
D) Ln 98 GTM Road Locomotives (000s)	30,236,142	
E) Ln 115 Trn Hrs Rd Svc	3,816,917	
F) Ln 116 Trn Swtg Hrs	880,697	
G) (Ln 116 * 6 mph) Trn Mi Rd Trn Swtg	5,284,182	
H) (A+G) Total Freight Train Miles	79,197,327	
I) [(Ln 11+Ln12)/Item H] Loco Units per Train	2.20	
J) [(Ln 115+Ln 116)*Item I] Loco Units Hours	10,329,114	
K) Ln 117 Yard Switching Hours	2,162,693	
L) Ln 13 Loco Unit Miles Yard Switching	14,526,876	
M) (Ln 117*6mph) Yard Switching Miles	12,976,158	
N) (Ln 13/Item M) Loco Units per Yard Switch	1.12	
O) (Ln 117*Item N) Loco Unit Hours Yard Switch	2,421,146	

Burkeville - Pamplin, VA
 Scenario III

**R-1 INFORMATION 2003
Scenario III**

NS 2003 System Car Miles L&E

R-1, Sch 755:

Line 30	1,316,369,000	RR L
Line 46	945,833,000	RR E
Line 64	1,033,279,000	PVT L
Line 82	681,318,000	PVT E
		No
Line 84	403,960,000	Payment
	4,380,759,000	

NS 2003 O&T's (excl DUP & incl TRL/CONT)

QCS 2003 L.Anderson-Acct (hardcopy only)

	Carloads				
Ln 48 Col B	Local	4,576,919	*	2	= 9,153,838
Ln 48 Col d	Fwd	538,940	*	1	= 538,940
Ln 48 Col f	Rc'd	1,676,410	*	1	= 1,676,410
Ln 48 Col h	Bridge	<u>52,040</u>	*	0	= <u>0</u>
		6,844,309			11,369,188

**R-1 INFORMATION 2003
Scenario III**
2003 FRINGE BENEFITS (Sch 410)

Acc		2003	2003	2003	2002
<u>Group</u>		Labor	Fringes	Fringe	Fringe
		(000)	(000)	%	%
WS	Run	109,588	80,558	73.51%	57.08%
	Swtg	7,413	2,801	37.78%	33.58%
	Oth	25,205	5,457	21.65%	19.34%
ME	Loco	72,133	30,376	42.11%	36.95%
	Fght Cars	44,113	16,087	36.47%	32.86%
	Oth	1,052	3,712	352.85%	246.92%
CT	Trn Op	618,576	226,257	36.58%	36.13%
	Yd Op	212,840	77,961	36.63%	33.93%
	Trn & Yd Op	406	161	39.66%	35.59%
	SPSVCOP	30,541	5,272	17.26%	16.81%
	Admin Supp	33,836	14,439	42.67%	35.48%
GA	Gen & Admin	15,500	6,638	42.83%	39.83%

CREW MATERIALS (Sch 410)

Engine Crew Material	In 402 Col (c)	75,000
Train Crew Material	In 403 Col (c)	1,406,000
Train Insp. & Lubrication		
Wages	In 408 Col (b)	49,728,000
Materials	In 408 Col (c)	185,000

SERVICING LOCOMOTIVES (Sch 410)

System Labor Expense		
In 411 Col (b)		16,204,000
System Material Expense		
In 411 Col (c)		7,258,000
System Purchased Expense		
In 411 Col (d)		4,454,000
System General Expense		
In 411 Col (e)		-

LOCOMOTIVE REPAIR (Sch 410)

System Labor Expense		
In 411 Col (b)		58,801,000
System Material Expense		
In 411 Col (c)		99,212,000
System Purchased Expense		
In 411 Col (d)		4,918,000
System General Expense		
In 411 Col (e)		57,000

R1 – 2003

**R-1 INFORMATION 2003
Scenario III**

Investment in Equipment: Diesel Locomotives

			Beg Yr		End Yr	Avg Yr
Sch 710	Ln 1 Col (b)	Fght	3,221	Col (J)	3,148	3,185
	Ln 2 Col (b)	Psgr	0	Col (J)	0	0
	Ln 4 Col (b)	Swtg	189	Col (J)	187	188
	Ln 9 Col (b)	Aux	<u>77</u>	Col (J)	<u>74</u>	<u>76</u>
			3,487		3,409	3,448
Sch 332	Ln 31 col(d)	Depr	3.58%			
(Reprs)					Labor	
Sch 415	Ln 1 Col (b)	Yd	13,169,000	8.1%		
	Ln 2 Col (b)	Rd	<u>149,819,000</u>	91.9%		
	Ln 5 Col (b)	Total	\$162,988,000			
(Loco Fuel)						
Sch 410	Ln 409 Col (h)		348,847,000	91.8%	49,728	Ln 408 Col (b)
	Ln 425 Col (h)		<u>31,285,000</u>	8.2%	<u>0</u>	Ln 425 Col (b)
			\$380,132,000		\$49,728	\$330,404
(Svc Loco)						
Sch 410	Ln 411 Col (h)		27,916,000	97.7%	16,204	Ln 411 Col (b)
	Ln 427 Col (h)		<u>650,000</u>	2.3%	<u>650</u>	Ln 427 Col (b)
			\$28,566,000		\$16,854	\$11,712

Loco ROI

	Forecast Year 09/04 - 08/05
	GMA'S LOCO CAT 7
A. SYSTEM LOCO UNIT HOURS	10,329,114
B. SYSTEM LOCO UNITS	3,185
C. SYS LOCO UNIT HRS./LOCO UNIT (LINE A / LINE B)	3,244
D. REPLACEMENT COST	\$1,470,409
E. DEPRECIATION RATE	3.58%
F. ANNUAL DEPRECIATION (LINE D x LINE E)	\$52,641
G. LOCO AGE	25.9
H. ACCUMULATED DEPRECIATION (LINE F x LINE G)	\$1,363,402
I. NET INVESTMENT (LINE D - LINE H)	\$107,007
J. COST OF CAPITAL	14.9%
K. ANNUAL ROI (LINE I x LINE J)	\$15,974
L. LOCO UNITS BY CATEGORY (100% SAMPLE)	1
M. TOTAL LOCO UNITS IN SAMPLE	1
N. RATIO LOCO UNITS BY CATEGORY (LINE L / LINE M)	1.00
O. LOCO UNIT HOURS ON BRANCH	390
P. LOCO UNIT HOURS ON BRANCH BY LOCO CATEGORY (LINE N x LINE O)	390.0
Q. RATIO LOCO UNIT HOURS ON BRANCH TO SYS LOCO UNIT HOURS PER LOCO UNIT (LINE P / LINE C)	0.120
R. ANNUAL ROI ON BRANCH (LINE K x LINE Q)	\$1,917
S. TOTAL ROI (SUM OF LINE R AMOUNTS)	

Burkeville to Pamplin, VA - Scenario III
8/19/2004

Loco ROI

LOCOMOTIVE RETURN ON INVESTMENT
Burkeville to Pamplin, VA - Scenario III

Base Year
04/03 - 03/04

	GMA'S LOCO
	CAT 7
A. SYSTEM LOCO UNIT HOURS	10,329,114
B. SYSTEM LOCO UNITS	3,184.5
C. SYS LOCO UNIT HRS./LOCO UNIT (LINE A / LINE B)	3,244
D. REPLACEMENT COST	\$1,402,738
E. DEPRECIATION RATE	3.58%
F. ANNUAL DEPRECIATION (LINE D x LINE E)	\$50,218
G. LOCO AGE	24.9
H. ACCUMULATED DEPRECIATION (LINE F x LINE G)	\$1,250,428
I. NET INVESTMENT (LINE D - LINE H)	\$152,310
J. COST OF CAPITAL	14.93%
K. ANNUAL ROI (LINE I x LINE J)	\$22,736
L. LOCO UNITS BY CATEGORY (100% SAMPLE)	1
M. TOTAL LOCO UNITS IN SAMPLE	1
N. RATIO LOCO UNITS BY CATEGORY (LINE L / LINE M)	1.00
O. LOCO UNIT HOURS ON BRANCH	390
P. LOCO UNIT HOURS ON BRANCH BY LOCO CATEGORY (LINE N x LINE O)	390.0
Q. RATIO LOCO UNIT HOURS ON BRANCH TO SYS LOCO UNIT HOURS PER LOCO UNIT (LINE P / LINE C)	0.120
R. ANNUAL ROI ON BRANCH (LINE K x LINE Q)	\$2,728
S. TOTAL ROI (SUM OF LINE R AMOUNTS)	

Burkeville to Pamplin, VA - Scenario III
8/19/2004

Loco Depreciation

LOCOMOTIVE DEPRECIATION

Burkeville to Pamplin, VA - Scenario III

	Forecast Year 09/04 - 08/05 -----
	GMA'S LOCO CAT 7 -----
A. SYSTEM LOCO UNIT HOURS	10,329,114
B. SYSTEM LOCO UNITS	3,185
C. SYS LOCO UNIT HRS./LOCO UNIT (LINE A / LINE B)	3,244
D. REPLACEMENT COST	\$1,470,409
E. DEPRECIATION RATE	3.58%
F. ANNUAL DEPRECIATION (LINE D x LINE E)	\$52,641
G. LOCO UNITS BY CATEGORY (100% SAMPLE)	1
H. TOTAL LOCO UNITS IN SAMPLE	1
I. RATIO LOCO UNITS BY CATEGORY (LINE G / LINE H)	1.0
J. LOCO UNIT HOURS ON BRANCH	390
K. LOCO UNIT HOURS ON BRANCH BY LOCO CATEGORY (LINE I x LINE J)	390
L. RATIO LOCO UNIT HOURS ON BRANCH TO SYS LOCO UNIT HOURS PER LOCO UNIT (LINE K / LINE C)	0.120
M. ANNUAL DEPRECIATION ON BRANCH (LINE F x LINE L)	\$6,317
N. TOTAL DEPRECIATION (SUM OF LINE M AMOUNTS)	

Loco Depreciation

LOCOMOTIVE DEPRECIATION

Burkeville to Pamplin, VA - Scenario III

	Base Year 04/03 - 03/04
	GMA'S LOCO CAT 7
A. SYSTEM LOCO UNIT HOURS	10,329,114
B. SYSTEM LOCO UNITS	3,185
C. SYS LOCO UNIT HRS./LOCO UNIT (LINE A / LINE B)	3,244
D. REPLACEMENT COST	\$1,402,738
E. DEPRECIATION RATE	3.58%
F. ANNUAL DEPRECIATION (LINE D x LINE E)	\$50,218
G. LOCO UNITS BY CATEGORY (100% SAMPLE)	1
H. TOTAL LOCO UNITS IN SAMPLE	1
I. RATIO LOCO UNITS BY CATEGORY (LINE G / LINE H)	1.0
J. LOCO UNIT HOURS ON BRANCH	390
K. LOCO UNIT HOURS ON BRANCH BY LOCO CATEGORY (LINE I x LINE J)	390
L. RATIO LOCO UNIT HOURS ON BRANCH TO SYS LOCO UNIT HOURS PER LOCO UNIT (LINE K / LINE C)	0.120
M. ANNUAL DEPRECIATION ON BRANCH (LINE F x LINE L)	\$6,026
N. TOTAL DEPRECIATION (SUM OF LINE M AMOUNTS)	

Burkeville to Pamplin, VA - Scenario III
8/19/2004

Crew Materials

CREW MATERIALS (TRAIN & ENGINE) AND TRAIN INSPECTION AND LUBRICATION

Burkeville to Pamplin, VA - Scenario III

Base Year
04/03 - 03/04

	ENGINE CREW MATERIAL (21-31-56)	TRAIN CREW MATERIAL (21-31-57)	TRAIN INSPECTION & LUBRICATION	
			WAGES (11-31-62)	MATERIALS (21-31-62)
A. SYSTEM EXPENSES	\$75,000	\$1,406,000	\$49,728,000	\$185,000
B. CAR MILE PORTION RATIO	69%	69%	69%	69%
C. SYSTEM CAR MILE EXPENSES (LINE A x LINE B)	\$51,750	\$970,140	\$34,312,320	\$127,650
D. SYSTEM CAR MILES L & E (RR OWN & LEA, PVT & NO PAY MI)	4,380,759,000	4,380,759,000	4,380,759,000	4,380,759,000
E. SYSTEM EXPENSES PER CAR MILE L/E (LINE C / LINE D)	\$0.0000118	\$0.0002215	\$0.0078325	\$0.0000291
F. BRANCH CAR MILES L & E	5,941	5,941	5,941	5,941
G. BRANCH CAR MILE EXPENSES (LINE E x LINE F)	\$0	\$1	\$47	\$0
H. CARLOAD PORTION RATIO	31%	31%	31%	31%
I. SYSTEM CAR LOAD EXPENSES (LINE A x LINE H)	\$23,250	\$435,860	\$15,415,680	\$57,350
J. SYSTEM CARLOADS (QCS-COST DEPT)	11,369,188	11,369,188	11,369,188	11,369,188
K. SYSTEM EXPENSES PER CARLOAD (LINE I / LINE J)	\$0.00205	\$0.03834	\$1.35592	\$0.00504
L. BRANCH CARLOADS	158	158	158	158
M. BRANCH CARLOAD EXPENSES (LINE K x LINE L)	\$0	\$6	\$214	\$1
TOTAL EXPENSES (LINE G + LINE M)	\$0	\$7	\$261	\$1

Loco Service

SERVICING LOCOMOTIVES

Burkeville to Pamplin, VA - Scenario III

Base Year
04/03 - 03/04

A. BRANCH LOCO UNIT MILES	6,802
B. SYSTEM LOCO UNIT MILES	165,463,558
C. RATIO (LINE A/ LINE B)	0.000041
D. SYSTEM LABOR EXPENSE (ACC 11-31-69) (R-1, Sch. 410, Line 411)	\$16,204,000
E. BRANCH LABOR EXPENSE (LINE C x LINE D)	\$666
F. SYSTEM MATERIAL EXPENSE (ACC 21-31-69)	\$7,258,000
G. BRANCH MATERIAL EXPENSE (LINE C x LINE F)	\$298
H. SYSTEM PURCHASED EXPENSE (ACC 41-31-69)	\$4,454,000
I. BRANCH PURCHASED EXPENSE (LINE C x LINE H)	\$183
J. SYSTEM GENERAL EXPENSE (ACC 61-31-69)	\$0
K. BRANCH GENERAL EXPENSE (LINE C x LINE J)	\$0

Burkeville to Pamplin, VA - Scenario III
8/19/2004

Loco Repairs

LOCOMOTIVE REPAIRS AND MAINTENANCE

Burkeville to Pamplin, VA - Scenario III

Base Year
04/03 - 03/04

A. BRANCH TONS PER UNIT	175
B. BRANCH LOCO UNIT MILES	6,802
C. BRANCH LOCO GTM (LINE A x LINE B)	1,186,879
D. SYSTEM LOCO GTM	30,236,142,000
E. RATIO (LINE C / LINE D)	0.000039
F. RATIO ROAD PORTION	0.919
G. SYSTEM LABOR EXPENSE (ACC 11-21-41)	\$58,801,000
H. BRANCH LABOR EXPENSE (LINE'S E x F x G)	\$2,122
I. SYSTEM MATERIAL EXPENSE (ACC 21-21-41)	\$99,212,000
J. BRANCH MATERIAL EXPENSE (LINE'S E x F x I)	\$3,580
K. SYSTEM PURCHASED EXPENSE (ACC 41-21-41)	\$4,918,000
L. BRANCH PURCHASED EXPENSE (LINE'S E x F x K)	\$177
M. SYSTEM GENERAL EXPENSE (ACC 61-21-41)	\$57,000
N. BRANCH GENERAL EXPENSE (LINE'S E x F x M)	\$2
O. FRINGE RATE	42.11%
P. TOTAL FRINGES (LINE H x LINE O)	\$893

Burkeville to Pamplin, VA - Scenario III
8/19/2004

Loco Fuel

LOCOMOTIVE FUEL

Burkeville to Pamplin, VA - Scenario III

**Base Year
04/03 - 03/04**

	GMA'S LOCO CAT 7
A. GMA'S REPAIR & SUPPLIES COSTS PER LOCO UNIT HR. (AS OF 7/1/82)	\$81.50
B. GMA'S FUEL PORTION	0.64
C. FUEL EXPENSE PER LOCO UNIT HR. (LINE A x LINE B)	\$52.16
D. AAR'S CRC INDEX - FUEL (ANNUAL 1982 TO CURRENT YEAR)	0.952
E. FUEL EXPENSE PER LOCO UNIT HR. (LINE C x D)	\$49.67
F. LOCO UNITS BY CATEGORY (20% SAMPLE)	1
G. TOTAL LOCO UNITS IN SAMPLE	1
H. RATIO LOCO UNITS BY CATEGORY (LINE F / LINE G)	1.00
I. TOTAL LOCO UNIT HOURS ON BRANCH	390
J. LOCO UNIT HOURS ON BRANCH BY LOCO CATEGORY (LINE H x LINE I)	390
K. FUEL EXPENSES BY CATEGORY (LINE E x LINE J)	\$19,371
L. TOTAL FUEL EXPENSES (SUM OF LINE K AMOUNTS)	

Burkeville to Pamplin, VA - Scenario III
8/19/2004

Working Capital

Burkeville to Pamplin, VA - Scenario III

	04/03 - 03/04 Base Year	09/04 - 08/05 Forecast Year
Working Capital		
On branch avoidable cost	151,898	156,818
less loco dep	6,026	6,317
less frt car dep	90	93
subtotal	145,782	150,408

@ 15 days on branch cash avoidable cost (provision 49 CFR 1152.34)
15/365= 0.041

Working Capital	5,977	6,167
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Income Tax Consequences

NLV * 37% Tax Rate

2003/04 NLV * 37% =	1,626,890 * 37% =	601,949
2004/05 NLV * 37% =	1,708,235 * 37% =	632,047

Burkeville to Pamplin, VA - Scenario III
8/19/2004

Loco Holding

**LOCOMOTIVE RETURN ON INVESTMENT
LESS HOLDING GAIN(LOSS)
Burkeville to Pamplin, VA - Scenario III**

	FORECAST YEAR GMA'S LOCO CAT 7
A. SYSTEM LOCO UNIT HOURS	10,329,114
B. SYSTEM LOCO UNITS	3,185
C. SYS LOCO UNIT HRS./LOCO UNIT (LINE A / LINE B)	3,244
D. REPLACEMENT COST (END OF FORECAST YEAR)	1,470,409
E. REPLACEMENT COST (BEGINNING OF FORECAST YEAR)	1,402,738
F. HOLDING GAIN(LOSS) AT REPLACEMENT (LINE D - LINE E)	67,671
G. TOTAL YEARS DEPRECIATION (100% / 3.86%)	27.9
H. LOCOMOTIVE AGE	25.9
I. NET BASE INVESTMENT YEARS (LINE G - LINE H)	2.0
J. REPL. LESS DEPR. ADJUSTMENT RATIO (LINE I / LINE G)	0.073
K. HOLDING GAIN(LOSS) AT REPL. LESS DEPR. (LINE F x LINE J)	4,925
L. LOCO UNITS BY CATEGORY	1
M. TOTAL LOCO UNITS IN SAMPLE	1
N. RATIO LOCO UNITS BY CATEGORY (LINE L / LINE M)	1.0
O. LOCO UNIT HOURS ON BRANCH	390
P. LOCO UNIT HOURS ON BRANCH BY LOCO CAT (LINE N x LINE O)	390
Q. RATIO LUH ON BR. TO SYS LUH PER LOCO UNIT (LINE P / LINE C)	0.120
R. HOLDING GAIN(LOSS) BY LOCO CAT. (LINE K x LINE Q)	592
S. HOLDING GAIN(LOSS) (SUM OF LINE R AMOUNTS)	
T. RETURN ON INVESTMENT (SEE BASE YEAR ROI SHEET)	
U. ROI MINUS HOLDING GAIN(LOSS) (LINE T - LINE S)	

Burkeville to Pamplin, VA - Scenario III
8/19/2004

Car Cost
CAR COST (DAILY)
 Burkeville to Pamplin, VA - Scenario III
 Base Year
 04/03 - 03/04

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
ICC CAR GROUP	NUMBER OF CARS	AVG. CAR DAYS ON- BRANCH PER CAR	CAR DAYS ON BRANCH (COL 2x3)	COST PER CAR DAY (REPAIR & DEPR)	DAILY COST (REPAIR & DEPR) (COL 4x5)	COST PER CAR DAY (ROI)	DAILY COST (ROI) (COL 4x7)	COST PER CAR DAY (DEPR)	DAILY COST (DEPR) (COL 4x9)	HOLDING GAIN(LOSS) PER CAR DAY	TOTAL HOLDING GAIN(LOSS)
01	0	4	0.0		\$0		\$0		\$0		\$0
02	0	4	0.0	(\$31.0820)	\$0	(\$30.1452)	\$0	\$0.1673	\$0	(\$3.49)	\$0
PVT2	0	N/A	0.0		\$0		\$0		\$0		\$0
03	0	4	0.0	\$10.4988	\$0	\$17.8869	\$0	\$2.3859	\$0	\$2.07	\$0
04	0	4	0.0	\$3.5070	\$0	\$14.6665	\$0	\$5.1347	\$0	\$1.70	\$0
05	136	4	544.0	\$1.7510	\$953	\$15.9127	\$8,656	\$0.0699	\$37	\$1.84	\$1,003
06	11	4	44.0	\$5.7008	\$251	\$8.9197	\$392	\$0.9414	\$41	\$1.03	\$45
PVT6	11	N/A	0.0		\$0		\$0		\$0		\$0
07	0	4	0.0	\$4.3733	\$0	\$15.2061	\$0	\$3.5728	\$0	\$1.76	\$0
08	0	4	0.0	\$5.1913	\$0	\$20.3312	\$0	\$3.1477	\$0	\$2.36	\$0
09	0	4	0.0	\$24.3885	\$0	\$0.0000	\$0	\$0.0000	\$0	\$0.00	\$0
10	0	4	0.0	\$14.5967	\$0	\$12.3489	\$0	\$2.9707	\$0	\$1.43	\$0
11	0	4	0.0	\$55.0319	\$0	\$4.4828	\$0	\$1.6060	\$0	\$0.52	\$0
12	0	4	0.0	\$105.2025	\$0	\$7.0839	\$0	(\$0.1662)	\$0	\$0.82	\$0
13	0	4	0.0	(\$0.2224)	\$0	\$21.5038	\$0	\$4.2993	\$0	\$2.49	\$0
14	0	4	0.0	\$11.7675	\$0	\$11.4807	\$0	\$1.9732	\$0	\$1.33	\$0
PVT14	0	N/A	0.0		\$0		\$0		\$0		\$0
15	0	N/A	0.0		\$0		\$0		\$0		\$0
16	0	N/A	0.0		\$0		\$0		\$0		\$0
17	0	4	0.0	\$6.8185	\$0	\$11.5219	\$0	\$2.0478	\$0	\$1.33	\$0
PVT17	0	N/A	0.0		\$0		\$0		\$0		\$0
TOTAL	158				\$1,203		\$9,049		\$79		\$1,048
					(REPAIR & DEPR)		(ROI)		(DEPR)		(HOLDING GAIN)

CAR COST (MILEAGE)
 Burkeville to Pamplin, VA - Scenario III
 Base Year

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
ICC CAR GROUP	NUMBER OF CARS	LOADED CAR MI. ON BRANCH	RATIO LOADED TO EMPTY	LD & MTY CAR MI. ON BRANCH (COL. 3x4)	COST PER CAR/MI (REPAIR & DEPR)	MILEAGE COST (REPAIR & DEPR) (COL. 5x6)	COST PER CAR/MI (DEPR)	MILEAGE COST (DEPR) (COL. 5x8)
01	0	0	2	0		\$0		\$0
02	0	0	2	0	\$0.2226	\$0	\$0.0070	\$0
PVT2	0	0	1	0	\$0.5466	\$0		\$0
03	0	0	2	0	\$0.0667	\$0	\$0.0269	\$0
04	0	0	2	0	\$0.0716	\$0	\$0.0567	\$0
05	136	2557	2	5114	\$0.0233	\$119	\$0.0011	\$6
06	11	207	2	414	\$0.0637	\$22	\$0.0124	\$5
PVT6	11	207	1	207	\$0.0457	\$9		\$0
07	0	0	2	0	\$0.0783	\$0	\$0.0812	\$0
08	0	0	2	0	\$0.0965	\$0	\$0.0836	\$0
09	0	0	2	0	\$0.1234	\$0	\$0.0000	\$0
10	0	0	2	0	\$0.0902	\$0	\$0.0270	\$0
11	0	0	2	0	\$0.1161	\$0	\$0.0071	\$0
12	0	0	2	0	\$0.1717	\$0	\$0.1160	\$0
13	0	0	2	0	\$0.0715	\$0	\$0.0461	\$0
14	0	0	2	0	\$0.0772	\$0	\$0.0202	\$0
PVT14	0	0	1	0	\$0.3900	\$0		\$0
15	0	0	1	0		\$0		\$0
16	0	0	1	0		\$0		\$0
17	0	0	2	0	\$0.0214	\$0	\$0.0070	\$0
PVT17	0	0	1	0	\$0.3856	\$0		\$0
TOTAL	158	2,970		5,734		\$151		\$11

TOTAL - DAILY & MILEAGE

	REPAIRS AND DEPRECIATION	ROI	DEPRECIATION (ONLY)
DAILY:	\$1,203	\$9,049	\$79
MILEAGE:	\$151	N/A	\$11
TOTAL:	\$1,354	\$9,049	\$90
HOLDING GAIN(LOSS)		\$1,048	
ROI LESS HOLDING GAIN(LOSS)		\$8,001	

2003 Railroad Cost of Capital

	Debt	Common Equity	
1) Nominal Cost	0.050	0.127	
2) Real Cost $((1+J7)/\text{deflator})-1$	0.033	0.108	
3) Market Weight	0.428	0.572	
4) After Tax			
a. Nominal $J7*J9$	0.0214	0.0726	9.40%
b. Real $J8*J9$	0.0140	0.0620	7.61%
5) Pre-tax (change in equity only)			
a) Nominal $4a/(1-\text{tax rate}^*)$	0.033968	0.115308	14.93%
b) Real $4b/(1-\text{tax rate}^*)$	0.022245	0.098491	12.07%
6) Holding Gain			2.85%

*Assume 37% tax rate

Gross Domestic Product Implicit Price Deflator
Chain Type Index (Series 2000=100)
Source: Global Insight, April 2004

UQCSS:JPGDP.Q	Average for Four Quarters Ending this Quarter	Period Represented	Change	
1999Q1	97.274			
1999Q2	97.701			
1999Q3	98.022			
1999Q4	98.475			
2000Q1	99.292			
2000Q2	99.78			
2000Q3	100.241			
2000Q4	100.687			
2001Q1	101.478			
2001Q2	102.273			
2001Q3	102.676			
2001Q4	103.078			
2002Q1	103.364			
2002Q2	103.738			
2002Q3	104.123			
2002Q4	104.571	103.9480	2002	1.54%
2003Q1	105.163			
2003Q2	105.44			
2003Q3	105.87			
2003Q4	106.27	105.6849	2003	1.67%
2004Q1	107.019	106.1482	Base Year	
2004Q2	107.784			
2004Q3	108.4211			
2004Q4	108.9504	108.0412	2004	2.23%
2005Q1	109.5078			
2005Q2	109.9975			
2005Q3	110.4161	110.1833	Forecast Year	3.80%
2005Q4	110.816			
2006Q1	111.2772			
2006Q2	111.7013			
2006Q3	112.1501			
2006Q4	112.6466			

EXHIBIT 4

ENVIRONMENTAL AND HISTORIC REPORTS

**ENVIRONMENTAL REPORT ON
PROPOSED RAIL LINE ABANDONMENT**

**NORFOLK SOUTHERN RAILWAY COMPANY
(BETWEEN N-133.40 AND N-169.06
BURKEVILLE TO PAMPLIN CITY, VIRGINIA)**

.....
**NORFOLK SOUTHERN RAILWAY COMPANY
ENVIRONMENTAL PROTECTION DEPARTMENT
110 FRANKLIN ROAD, SE
ROANOKE, VIRGINIA 24042-0013**

(BUPA.doc)

ENVIRONMENTAL REPORT ON PROPOSED RAIL LINE ABANDONMENT

**Abandonment of: 35.66 miles of track between milepost N-133.40 and N-169.06
from Burkeville to Pamplin City, Virginia.**

1. PROPOSED ACTION AND ALTERNATIVES

Norfolk Southern Railway Company (hereinafter called NSR) proposes to abandon use of 35.66 miles of rail line between Burkeville and Pamplin City, Virginia.

The three alternatives to abandonment of the line are:

1. to not abandon; or
2. to discontinue service on the line and retain the trackage in place; or
3. to abandon the line from Burkeville to Farmville, VA (milepost N-133.40 to milepost N-149.50) and continue direct rail service to Farmville, VA via Pamplin City, VA.

Were the line not handled as described in alternative #2, alternative #1 would preclude any temporary impacts from salvage for recycling of the rails and cross-ties. However, this would eliminate the long-term environmental and social benefits.

A Map delineating the line proposed for abandonment is attached as **Appendix A**. NSR's letter to federal, state and local government agencies is attached as **Appendix B**. Responses to the letter or other comments received as result of consultations can be found in **Appendix C**. Certification of the recipients of this report can be found in **Appendix D**.

2. TRANSPORTATION SYSTEM

Effects of the proposed action on regional or local transportation systems and patterns are expected to be negligible. Seventy carloads moved on the line in 2002. As of December 1, 2003, 137 carloads moved on the line year to date 2003. Traffic diversions are discussed in more detail in paragraphs 4 and 5.

3. LAND USE

- (i) The proposed abandonment involves 35.66 miles of rail line between Burkeville and Pamplin City, Virginia. The land use along the rail line proposed for abandonment of service is 50% residential, 25% unimproved, 20% forest and 5% industrial. NSR proposes to remove and salvage the rail and track material; NSR is exploring the possibility of a trail usage for the right-of-way.

With respect to effects of the proposed rail line abandonment on land use, NSR believes any impact will be minimal. Since limited rail traffic moves on the line over which service is to be abandoned, the abandonment is not expected to have a significant effect on existing land use, future land use, land use plans or the land use planning process.

- (ii) Prime Agricultural Lands

No effects on any prime agricultural land are anticipated as a result of the abandonment.

- (iii) Coastal Zone

Not Applicable

(iv) Alternative Public Use

NSR does not have fee title to the entire ROW underlying the line proposed for abandonment. Therefore, most alternative public uses of the right-of-way are not feasible. However, NSR is exploring the possibility of a trail use on the right-of-way which will preserve the corridor for future rail usage while providing a recreational, public use corridor in the near term.

4. ENERGY

(i) Development and Transportation of Energy Resources

Development and transportation of energy resources will not be affected by the abandonment. Limited freight traffic has moved on the line proposed for abandonment. None involved the transportation of energy resources. Therefore, the abandonment would have no effect on development and transportation of energy resources.

(ii) Movement/Recovery of Recyclable Commodities

Movement/recovery of recyclable commodities will not be affected by the abandonment. Limited traffic has moved on the line proposed for abandonment. None involved the transportation of recyclable commodities. Therefore, the abandonment would have no effect on movement or recovery of recyclable commodities.

(iii) Impact on Energy Efficiency

Alternative 2: Abandonment of the Entire Section from Burkeville to Pamplin City, Virginia:

A limited amount of traffic has moved on the line proposed for abandonment in the past two years. In 2002, 70 carloads, containing a total of 6,736 tons of freight (an average of 96.2 tons per carload), were transported over the line. In 2003, year-to-date through December 1, 2003 (ytd), 137 carloads, containing a total of 13,475 tons of freight (an average of 98.4 tons per carload), were transported over the line. Diversion of this traffic to highways paralleling the line proposed for abandonment would produce no significant energy impacts.

Calculation of net change in energy consumption is as follows:

- Assuming: 1) a loaded truckload amounts to 18 tons, 2) trucks operate loaded one way with empty return, and 3) loaded/empty truck fuel consumption figures are 4.5 to 6.5 miles per gallon respectively. Therefore, the weighted average of diesel fuel required annually to move the same tonnage by truck is 2,939 gallons in 2002, and 5,880 gallons in 2003 ytd.

To move the same amount of tonnage along the line by train involves the following:

- **2002 Data:** In 2002, trains servicing Farmville customers traveled from Crewe, Virginia to Farmville through Rice, Virginia and returned to Crewe through Pamplin City. In 2002, 70 cars were transported across the line. As demonstrated by the 2003 data, an average of 1.3 cars are transported per trip on this line, which results in

approximately 54 trips in 2002 (70 carloads / 1.3 carloads per trip). At 7.46 hours per trip, this yields a total of 403 locomotive hours.

Assuming one locomotive unit (4,000 HP) is involved, fuel consumption is 7,093 gallons (403 Locomotive hours x 17.6 gallons per hour). Therefore, transportation by truck results in a decrease in diesel fuel consumption of 4,154 gallons (7,093 gallons [by train] – 2,939 [by truck] = 4,154 gallons).

- **2003 (year to date, 12/1/03) Data:** In 2003, trains began servicing Farmville customers by traveling from Crewe to Farmville through Pamplin City, and returning to Crewe via Pamplin City. In 2003 ytd, 137 cars were transported. Trips were made approximately twice per week, resulting in a total of approximately 104 trips. At 8.47 hours per trip, assuming that the change to this new routing scheme began at the beginning of the year, this yields a total of 881 locomotive hours. Assuming one locomotive unit (4,000 HP) is involved, fuel consumption is 15,506 gallons (881 Locomotive hours x 17.6 gallons per hour). Therefore, transportation by truck would result in a decrease in diesel fuel consumption of 9,626 gallons (15,506 gallons [by train] – 5,880 gallons [by truck] = 9,626 gallons).

Alternative 3; Abandonment of the Segment from Burkeville to Farmville, Virginia:

A limited amount of traffic has moved on the line segment from Burkeville to Farmville in the past two years. In 2002, 70 carloads, containing a total of 6,736 tons of freight (an average of 96.2 tons per carload), were transported over this segment. In 2003, assuming that the change to the new routing scheme occurred at the beginning to the year, no freight was moved across this line segment.

Calculation of net change in energy consumption is as follows:

- **2002 Data:** In 2002, 70 cars were transported, resulting in approximately 54 trips (70 carloads divided by 1.3 carloads per trip). At 7.46 hours per trip, this yields a total of 403 locomotive hours. Assuming one locomotive unit (4,000 HP) is involved, fuel consumption is 7,093 gallons (403 Locomotive hours x 17.6 gallons per hour). Upon abandonment of the line segment from Burkeville to Farmville, trains from Crewe would service customers in Farmville by traveling to and from Farmville through Pamplin City. At 8.47 hours per trip, 54 trips yield a total of 457 locomotive hours. Assuming that one locomotive unit (4,000 HP) is involved, fuel consumption is 8,043 gallons (457 Locomotive hours x 17.6 gallons per hour). Therefore, abandoning the line segment from Burkeville to Farmville and rerouting traffic through Pamplin City would result in an increase in diesel fuel consumption of 950 gallons (8,043 gallons – 7,093 = 950 gallons).
- **2003 (year to date, 12/1/03) Data:** In 2003 ytd, 137 cars were transported resulting in a total of 105 trips (137 carloads divided by 1.3 carloads per trip). As freight was moved in 2003 by the same routing scheme that is proposed in the abandonment of the line segment from Burkeville to Farmville, abandonment of this segment would not create an impact on energy efficiency.

(iv) Diversion of Traffic to Motor Carriers

Abandonment of the line segment from Burkeville to Farmville would not result in the diversion of traffic to motor carriers.

5. AIR

The proposed action is abandonment and does not exceed Surface Transportation Board thresholds at 49 CFR 1105.7 (e)(5) and therefore does not require a quantified analysis of emissions.

(i) Effects on Air Emissions

Neither Appomattox, Prince Edward, Cumberland or Nottaway Counties has established analysis thresholds for air emissions. The State of Virginia does have regulations for the control of particulate matter regulation for non- attainment areas. However, Virginia is in attainment for all priority air pollutants. The United States Environmental Protection Agency (USEPA) has National Ambient Air Quality Standards for pollutants (including ozone) as found in 40 CFR Part 50; however, NSR does not anticipate any adverse effect on Virginia's air quality as a result of the proposed abandonment.

(ii) Class I or Non-Attainment Area

Appomattox, Prince Edward, Cumberland and Nottaway Counties are in attainment for all National Ambient Air Quality Standard (NAAQS) pollutants according to the USEPA. Appomattox, Prince Edward, Cumberland and Nottaway Counties are in attainment for ozone. NSR does not believe any Class I or Non-Attainment areas would be affected by the proposed abandonment.

(iii) Ozone Depleting Materials

Not applicable. Transportation of ozone depleting materials (such as nitrogen oxide and freon) is not contemplated, since the proposed action is abandonment.

6. NOISE

The proposed action does not exceed Surface Transportation Board thresholds at 49 CFR 1105.7 (e)(6) and therefore does not require a quantified analysis of noise levels. Noise levels associated with rail removal or salvage operations are temporary and should not have a significant impact on the area surrounding the proposed abandonment.

There is no federal noise regulation according to the EPA. Neither do the counties of Appomattox, Prince Edward, Cumberland, Nottaway, nor the State of Virginia have a regulation regarding the thresholds for noise.

7. SAFETY

(i) Public Health and Safety

Abandonment of the captioned rail line will have no significant effect upon public health or safety. However, one benefit is that grade crossings on the line to be abandoned will be removed and the potential for accidents and delays at these crossings will be eliminated.

(ii) Hazardous Materials Transport

Not applicable. Action proposed is abandonment.

(iii) Hazardous Waste or Hazmat Spill Sites

NSR has no knowledge of any hazardous waste sites or sites where there have been known hazardous material spills on the ROW of the line proposed for abandonment or which will be affected by this abandonment. A search of company records was conducted and comments were requested from federal, state and local agencies.

8. BIOLOGICAL RESOURCES

- (i) The US Fish and Wildlife Service (USFWS) and/or the Virginia Department of Natural Resources has indicated 4 threatened or endangered species, that may occur in Appomattox, Prince Edward, Cumberland, and Nottaway Counties. The complete list can be found in **Appendix E.**

TABLE I
FEDERAL AND/OR STATE THREATENED/ENDANGERED SPECIES
Appomattox, Prince Edward, Cumberland & Nottaway Counties

Scientific Name	Common Name	Federal Status	State Status
<i>Haliaeetus leucocephalus</i>	Bald Eagle	FE	SE
<i>Fusconaia masoni</i>	Atlantic Pigtoe	--	ST
<i>Isotria medeoloides</i>	Small Whorled Pogonia	FE	ST
<i>Lanius ludovicianus</i>	Loggerhead Shrike	-	ST

FE – Federal Endangered
ST – State Threatened
SE – State Endangered

NSR is not aware of any critical habitat that would be destroyed or modified as a result of the proposed abandonment. Since salvage operations will be handled generally within the ROW, NSR does not believe that any endangered species that might be present would be adversely affected. NSR is willing to undertake reasonable mitigating actions to protect any endangered species that might be encountered in connection with abandonment activities.

(ii) Sanctuaries, Refuges and Parks

Based on the site investigation and comments received from government agencies, the line segment proposed for abandonment does not pass through any state parks or forests, national parks or forests, or wildlife sanctuaries. No adverse effects on any wildlife sanctuary, National Park or Forest, or State Park or Forest are anticipated.

9. WATER

(i) Water Quality Standards

NSR does not intend to either appreciably remove or alter the contour of the roadbed underlying the rail line to be abandoned. The areal extent of disturbed areas will be kept to a minimum and limited to the ROW wherever possible. Since there are no plans to undertake in-stream work, or dredge and/or fill any materials in connection with the proposed abandonment, no water quality impacts are expected in connection with the proposed action. Therefore, NSR considers the abandonment to be consistent with any applicable Federal, State, and/or local water quality standards.

(ii) Wetlands/100-Year Flood Plains

The rail line proposed for abandonment crosses the Appomattox River and an unnamed creek and passes through the 100-year flood plains associated with these waterways. Since the geometry of the roadbed will not be significantly altered, no discernible effects on either 100-year flood plains or adjacent wetlands are expected in connection with the proposed abandonment. Consequently, NSR does not believe a Section 404 permit will be required in connection with the proposed abandonment.

(iii) Section 402 Permit

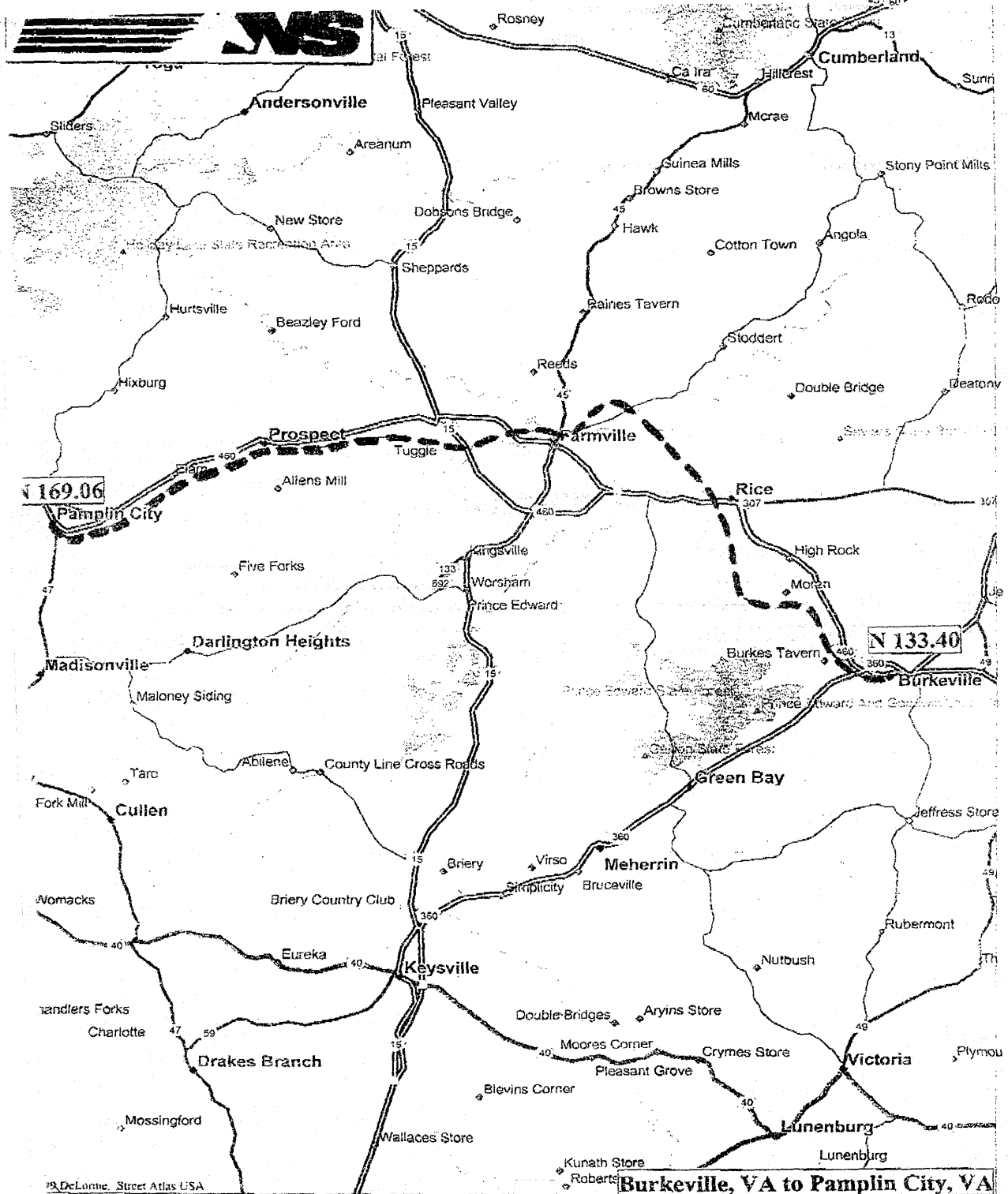
Inasmuch as NSR does not intend to either appreciably remove or alter the contour of the roadbed underlying the rail line to be abandoned, undertake significant in-stream work, or dredge and/or fill any materials in connection with the proposed abandonment, water quality effects should be negligible. NSR does not believe that a permit under Section 402 of the Federal Water Pollution Control Act will be required.

10. PROPOSED MITIGATION

Abandonment of the involved rail line is not expected to produce adverse environmental impacts. Only minimal physical activity associated with removal of rail, ties, and other railroad appurtenances will be produced by the proposed action. NSR will undertake all reasonable mitigation associated with these activities to assure that physical activities associated with the abandonment do not produce adverse environmental effects.

APPENDIX A

Site Map



APPENDIX B

Agency Letter



October 17, 2003

State Clearinghouse (or alternate):

Department of Transportation
1221 E. Broad Street
Richmond, Virginia 23219

State Environmental Protection Agency:

Virginia Department of Environmental Quality
629 East Main Street
P.O. Box 10009
Richmond, Virginia 23240

State Coastal Zone Management Agency

(if applicable)
Not Applicable

Head of each County:

Mr. Ronald Roark
Nottaway County Administrator
344 West Courthouse Road
Nottoway, Virginia 23955

Head of each County:

Cumberland County Administrator
Cumberland County Courthouse
PO Box 8
Cumberland, VA 23040

National Geodetic Survey:

Mr. Michael W. Zmuda, State Advisor
Virginia Department of Transportation
1401 East Broad Street
Richmond, Virginia 23219

U.S. Fish and Wildlife:

(Region 5)
300 West Gate Center Drive
Hadley, Massachusetts 01035-9589

U.S. Army Corps of Engineers:

Norfolk District
803 Front Street
Norfolk, Virginia 23510-1096

National Park Service:

(Northeast Region)
US Custom House
200 Chestnut Street, 5th Floor
Philadelphia, Pennsylvania 19106

U.S. Natural Resources Conservation
(Service):

State Conservationist, M. Denise Doetzer
Natural Resource Conservation Service
1606 Santa Rosa Road, Suite 209
Richmond, Virginia 23229-5014

Head of each County:

Ms. Mildred B. Hampton
Prince Edward County Administrator
P.O. Box 382
Farmville, Virginia 23901

Head of each County:

Appomattox County Administrator
PO Box 863
Appomattox, VA 24522

Environmental Protection Agency

(regional office)
U.S. EPA – Region 3
1650 Arch Street
Philadelphia, Pennsylvania 19103

Re: Proposed Abandonment of the segment of rail between Milepost N-133.40 and
Milepost N-169.06, a distance of 35.66 miles between Burkeville and Pamplin City,
located in Appomattox, Prince Edward, Cumberland, and Nottoway Counties, Virginia.

Dear Sir/Madam:

Norfolk Southern Railway Company plans to request authority from the Surface Transportation Board (STB) to abandon the segment of rail between Milepost N-133.40 and Milepost N-169.06, a distance of 35.66 miles between Burkeville and Pamplin City, located in Appomattox, Prince Edward, Cumberland, and Nottoway Counties, Virginia. A map of the proposed track abandonment shown in black is attached.

Pursuant to the STB's regulations at 49 C.F.R. Part 1152, and the environmental regulations at 40 C.F.R. Part 1105.7, this is to request your assistance in identifying any potential effects of this action as indicated in the paragraphs below. We do not anticipate any adverse environmental impacts; however, if you identify any adverse environmental impacts, describe any actions that are proposed in order to mitigate the environmental impacts. Please provide us with a written response that can be included in an Environmental Report, which will be sent to the STB.

LOCAL AND/OR REGIONAL PLANNING AGENCIES. State whether the proposed action is consistent with existing land use plans. Describe any inconsistencies.

U.S. SOIL CONSERVATION SERVICE. State the effect of the proposed action on any prime agricultural land.

U.S. FISH AND WILDLIFE SERVICE (And State Game and Parks Commission, If Addressed). State (1) whether the proposed action is likely to adversely affect endangered or threatened species or areas designated as a critical habitat, and if so, describe the effects, and (2) whether wildlife sanctuaries or refuges, National or State parks or forests will be affected, and describe any effects.

STATE WATER QUALITY OFFICIALS. State whether the proposed action is consistent with applicable Federal, State or Local water quality standards. Describe any inconsistencies.

U.S. ARMY CORPS OF ENGINEERS. State (1) whether permits under Section 404 of the Clean Water Act (33 U.S.C. § 1344) are required for the proposed action and (2) whether any designated wetlands or 100-year flood plains will be affected. Describe the effects.

U.S. ENVIRONMENTAL PROTECTION AGENCY AND STATE ENVIRONMENTAL PROTECTION (OR EQUIVALENT AGENCY). (1) Identify any potential effects on the surrounding area, (2) identify the location of hazardous waste sites and known hazardous material spills on the right-of-way and list the types of hazardous materials involved, and (3) state whether permits under Section 402 of the Clean Water Act (33 U.S.C. § 1342) are required for the proposed action.

Thank you for your assistance. Please send your reply to Norfolk Southern Railway Company, Mr. Larry G. Western., 110 Franklin Street, SE Box 13, Roanoke, Virginia 24042-0013. If you need any further information, please contact Mr. Western at (540) 981-4239.

Yours truly,

K .R. Miller
Director Environmental
Engineering and Audits

Attachment



October 24, 2003

State Clearinghouse (or alternate):

Department of Transportation
1221 E. Broad Street
Richmond, Virginia 23219

State Environmental Protection Agency:

Virginia Department of Environmental Quality
629 East Main Street
P.O. Box 10009
Richmond, Virginia 23240

State Coastal Zone Management Agency
(if applicable)

Not Applicable

Head of each County:

Mr. Ronald Roark
Nottaway County Administrator
344 West Courthouse Road
Nottoway, Virginia 23955

Head of each County:

Cumberland County Administrator
Cumberland County Courthouse
PO Box 8
Cumberland, VA 23040

National Geodetic Survey:

Mr. Michael W. Zmuda, State Advisor
Virginia Department of Transportation
1401 East Broad Street
Richmond, Virginia 23219

U.S. Fish and Wildlife:

(Region 5)
300 West Gate Center Drive
Hadley, Massachusetts 01035-9589

U.S. Army Corps of Engineers:

Norfolk District
803 Front Street
Norfolk, Virginia 23510-1096

National Park Service:

(Northeast Region)
US Custom House
200 Chestnut Street, 5th Floor
Philadelphia, Pennsylvania 19106

U.S. Natural Resources Conservation
(Service):

State Conservationist, M. Denise Doetzer
Natural Resource Conservation Service
1606 Santa Rosa Road, Suite 209
Richmond, Virginia 23229-5014

Head of each County:

Ms. Mildred B. Hampton
Prince Edward County Administrator
P.O. Box 382
Farmville, Virginia 23901

Head of each County:

Appomattox County Administrator
PO Box 863
Appomattox, VA 24522

Environmental Protection Agency
(regional office)

U.S. EPA – Region 3
1650 Arch Street
Philadelphia, Pennsylvania 19103

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U.S. FISH AND WILDLIFE SERVICE (And State Game and Parks Commission, If Addressed). State (1) whether the proposed action is likely to adversely affect endangered or threatened species or areas designated as a critical habitat, and if so, describe the effects, and (2) whether wildlife sanctuaries or refuges, National or State parks or forests will be affected, and describe any effects.

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U.S. ARMY CORPS OF ENGINEERS. State (1) whether permits under Section 404 of the Clean Water Act (33 U.S.C. § 1344) are required for the proposed action and (2) whether any designated wetlands or 100-year flood plains will be affected. Describe the effects.

U.S. ENVIRONMENTAL PROTECTION AGENCY AND STATE ENVIRONMENTAL PROTECTION (OR EQUIVALENT AGENCY). (1) Identify any potential effects on the surrounding area, (2) identify the location of hazardous waste sites and known hazardous material spills on the right-of-way and list the types of hazardous materials involved, and (3) state whether permits under Section 402 of the Clean Water Act (33 U.S.C. § 1342) are required for the proposed action.

Thank you for your assistance. Please send your reply to Norfolk Southern Railway Company, Mr. Larry G. Western., 110 Franklin Street, SE Box 13, Roanoke, Virginia 24042-0013. If you need any further information, please contact Mr. Western at (540) 981-4239.

Yours truly,

K .R. Miller
Director of Operations

Attachment

December 22, 2003
1-9-5-4

Department of Transportation
1221 East Broad Street
Richmond, Virginia 23219

Subject: Proposed Abandonment of the segment of rail between Milepost N-133.40 and
Milepost N-169.06, a distance of 35.66 miles between Burkeville and Pamplin City,
located in Appomattox, Prince Edward, Cumberland, and Nottoway Counties, Virginia

Dear Sir/Madam:

Norfolk Southern plans to file an application with the Surface Transportation Board (STB) seeking authority to abandon rail service between Burkeville and Pamplin City, located in Appomattox, Prince Edward, Cumberland, and Nottoway Counties, Virginia. Attached is an Environmental Report describing the proposed action and any expected environmental effects, as well as a map of the affected area.

We are providing this report so that you may review the information that will form the basis for the STB's independent environmental analysis of the proceeding. If you believe any of the information is misleading or incorrect, if you think pertinent information is missing, or if you have any questions about the Board's Environmental Review process, please contact the Section of Environmental Analysis (SEA), Room 3219, Surface Transportation Board, 1925 K Street, N.W., Washington DC 20423-001, Telephone (202) 565-1552 and refer to the above Docket. Because applicable statutes and regulations impose stringent deadlines for processing this action, your written comments (with a copy to us) would be appreciated within three weeks.

Your comments will be considered by the Board in evaluating the environmental impacts of the contemplated action. In order for us to consider your input prior to filing our application with the STB, we must receive your comments within three weeks. Please either provide a copy of your comments by mail at the address shown on this letterhead or provide information by telephone to Mr. Larry Western at (540) 981-4239.

Sincerely,

K. R. Miller
Director Environmental
Engineering and Audits

Attachment

CC: L. G. Western
J. R. Paschall
J. M. Lipps

December 22, 2003
1-9-5-4

Virginia Department of Environmental Quality
629 East Main Street
P.O. Box 10009
Richmond, Virginia 23240

Subject: Proposed Abandonment of the segment of rail between Milepost N-133.40 and
Milepost N-169.06, a distance of 35.66 miles between Burkeville and Pamplin City,
located in Appomattox, Prince Edward, Cumberland, and Nottoway Counties, Virginia

Dear Sir/Madam:

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Sincerely,

K. R. Miller
Director Environmental
Engineering and Audits

Attachment

CC: L. G. Western
J. R. Paschall
J. M. Lipps

December 22, 2003
1-9-5-4

Mr. Ronald Roark
Nottaway County Administrator
344 West Courthouse Road
Nottaway, Virginia 23955

Subject: Proposed Abandonment of the segment of rail between Milepost N-133.40 and
Milepost N-169.06, a distance of 35.66 miles between Burkeville and Pamplin City,
located in Appomattox, Prince Edward, Cumberland, and Nottaway Counties, Virginia.

Dear Mr. Roark:

Norfolk Southern plans to file an application with the Surface Transportation Board (STB) seeking authority to abandon rail service between Burkeville and Pamplin City, located in Appomattox, Prince Edward, Cumberland, and Nottaway Counties, Virginia. Attached is an Environmental Report describing the proposed action and any expected environmental effects, as well as a map of the affected area.

We are providing this report so that you may review the information that will form the basis for the STB's independent environmental analysis of the proceeding. If you believe any of the information is misleading or incorrect, if you think pertinent information is missing, or if you have any questions about the Board's Environmental Review process, please contact the Section of Environmental Analysis (SEA), Room 3219, Surface Transportation Board, 1925 K Street, N.W., Washington DC 20423-001, Telephone (202) 565-1552 and refer to the above Docket. Because applicable statutes and regulations impose stringent deadlines for processing this action, your written comments (with a copy to us) would be appreciated within three weeks.

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Sincerely,

K. R. Miller
Director Environmental
Engineering and Audits

Attachment

CC: L. G. Western
J. R. Paschall
J. M. Lipps

December 22, 2003
1-9-5-4

Cumberland County Administrator
Cumberland County Courthouse
P.O. Box 8
Cumberland, Virginia 23040

Subject: Proposed Abandonment of the segment of rail between Milepost N-133.40 and
Milepost N-169.06, a distance of 35.66 miles between Burkeville and Pamplin City,
located in Appomattox, Prince Edward, Cumberland, and Nottoway Counties, Virginia.

Dear Mr. Sir/Madam:

Norfolk Southern plans to file an application with the Surface Transportation Board (STB) seeking authority to abandon rail service between Burkeville and Pamplin City, located in Appomattox, Prince Edward, Cumberland, and Nottoway Counties, Virginia. Attached is an Environmental Report describing the proposed action and any expected environmental effects, as well as a map of the affected area.

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Sincerely,

K. R. Miller
Director Environmental
Engineering and Audits

Attachment

CC: L. G. Western
J. R. Paschall
J. M. Lipps

December 22, 2003
1-9-5-4

Mr. Michael W. Zmuda, State Advisor
Virginia Department of Transportation
1401 East Broad Street
Richmond, Virginia 23219

Subject: Proposed Abandonment of the segment of rail between Milepost N-133.40 and
Milepost N-169.06, a distance of 35.66 miles between Burkeville and Pamplin City,
located in Appomattox, Prince Edward, Cumberland, and Nottoway Counties, Virginia.

Dear Mr. Zmuda:

Norfolk Southern plans to file an application with the Surface Transportation Board (STB) seeking authority to abandon rail service between Burkeville and Pamplin City, located in Appomattox, Prince Edward, Cumberland, and Nottoway Counties, Virginia. Attached is an Environmental Report describing the proposed action and any expected environmental effects, as well as a map of the affected area.

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Sincerely,

K. R. Miller
Director Environmental
Engineering and Audits

Attachment

CC: L. G. Western
J. R. Paschall
J. M. Lipps

December 22, 2003
1-9-5-4

U. S. Fish and Wildlife
Region 5
300 West Gate Center Drive
Hadley, Massachusetts 01035-9589

Subject: Proposed Abandonment of the segment of rail between Milepost N-133.40 and
Milepost N-169.06, a distance of 35.66 miles between Burkeville and Pamplin City,
located in Appomattox, Prince Edward, Cumberland, and Nottoway Counties, Virginia.

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Sincerely,

K. R. Miller
Director Environmental
Engineering and Audits

Attachment

CC: L. G. Western
J. R. Paschall
J. M. Lipps

December 22, 2003
1-9-5-4

U.S. Army Corps of Engineers
Norfolk District
803 Front Street
Norfolk, Virginia 23510-1096

Subject: Proposed Abandonment of the segment of rail between Milepost N-133.40 and
Milepost N-169.06, a distance of 35.66 miles between Burkeville and Pamplin City,
located in Appomattox, Prince Edward, Cumberland, and Nottoway Counties, Virginia.

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Sincerely,

K. R. Miller
Director Environmental
Engineering and Audits

Attachment

CC: L. G. Western
J. R. Paschall
J. M. Lipps

December 22, 2003
1-9-5-4

National Park Service
Northeast Region
US Custom House
200 Chestnut Street, 5th Floor
Philadelphia, Pennsylvania 19106

Subject: Proposed Abandonment of the segment of rail between Milepost N-133.40 and
Milepost N-169.06, a distance of 35.66 miles between Burkeville and Pamplin City,
located in Appomattox, Prince Edward, Cumberland, and Nottoway Counties, Virginia.

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Sincerely,

K. R. Miller
Director Environmental
Engineering and Audits

Attachment

CC: L. G. Western
J. R. Paschall
J. M. Lipps

December 22, 2003
1-9-5-4

U.S. Natural Resources Conservation
M. Denise Doetzer, State Conservationist
Natural Resource Conservation Service
1606 Santa Rosa Road, Suite 209
Richmond, Virginia 23229-5014

Subject: Proposed Abandonment of the segment of rail between Milepost N-133.40 and
Milepost N-169.06, a distance of 35.66 miles between Burkeville and Pamplin City,
located in Appomattox, Prince Edward, Cumberland, and Nottoway Counties, Virginia.

Dear Ms. Doetzer:

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Sincerely,

K. R. Miller
Director Environmental
Engineering and Audits

Attachment

CC: L. G. Western
J. R. Paschall
J. M. Lipps

December 22, 2003
1-9-5-4

Ms. Mildred B. Hampton
Prince Edward County Administrator
P.O. Box 382
Farmville, Virginia 23901

Subject: Proposed Abandonment of the segment of rail between Milepost N-133.40 and
Milepost N-169.06, a distance of 35.66 miles between Burkeville and Pamplin City,
located in Appomattox, Prince Edward, Cumberland, and Nottoway Counties, Virginia.

Dear Ms. Hampton:

Norfolk Southern plans to file an application with the Surface Transportation Board (STB) seeking authority to abandon rail service between Burkeville and Pamplin City, located in Appomattox, Prince Edward, Cumberland, and Nottoway Counties, Virginia. Attached is an Environmental Report describing the proposed action and any expected environmental effects, as well as a map of the affected area.

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Sincerely,

K. R. Miller
Director Environmental
Engineering and Audits

Attachment

CC: L. G. Western
J. R. Paschall
J. M. Lipps

Appendix C

Agency Responses

United States Department of Agriculture



Natural Resources Conservation Service
1606 Santa Rosa Road, Suite 209
Richmond, VA 23229-5014

Telephone: 804/287-1668
Fax: 804/287-1736

October 27, 2003

Mr. Larry G. Western
110 Franklin Street
SE Box 13
Roanoke, Virginia 24042-0013

Dear Mr. Western:

Thank you for the opportunity to comment on your plan to abandon 35.66 miles of rail between Burkeville and Pamplin, VA.

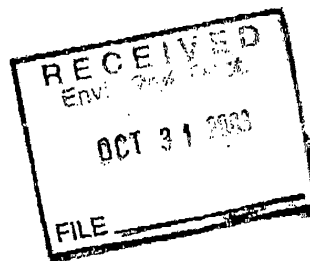
We agree with your assessment that this project will have no impact on prime farmland. If you have any questions concerning this finding, please contact John Myers, Tel. 804-287-1668.

Sincerely,

A handwritten signature in cursive script that reads "M. Denise Doetzer".

M. DENISE DOETZER
State Conservationist

Cc: John Myers, NRCS, Richmond



The Natural Resources Conservation Service provides leadership in a partnership effort to help people conserve, maintain, and improve our natural resources and environment.

An Equal Opportunity Provider and Employer 179

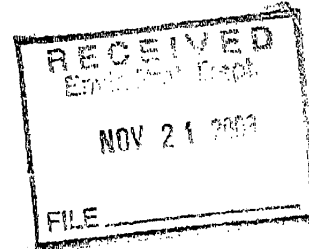
BOARD OF SUPERVISORS
WILLIAM C. FORE, JR.
CHAIRMAN
HOWARD F. SIMPSON
VICE-CHAIRMAN
ROBERT M. JONES
CHARLES W. MCKAY
JAMES C. MOORE
MARY M. STOKES
J. ALVIN THOMAS, JR.
LACY B. WARD



COUNTY OF PRINCE EDWARD, VIRGINIA
WWW.CO.PRINCE-EDWARD.VA.US

COUNTY ADMINISTRATOR
MILDRED B. HAMPTON
POST OFFICE BOX 382
FARMVILLE, VA 23901
(434) 392-8837 VOICE
(434) 392-6688 FAX
SHAMPTONS
CO. PRINCE-EDWARD, VA, US

November 19, 2003



Mr. Larry G. Western
Norfolk Southern Railway Company
110 Franklin Street, SE
Box 13
Roanoke, Virginia 24042-0013

Dear Mr. Western:

The County of Prince Edward wishes to respond to the letter of October 17, 2003 from Mr. K.R. Miller, concerning the proposed abandonment of the segment of Norfolk Southern rail between Burkeville and Pamplin.

Attached for your information is a copy of a resolution that the Prince Edward County Board of Supervisors adopted at its September 9, 2003 meeting. The County of Prince Edward is interested in seeing rail service continued for the two existing local customers on this section of rail line, SMI Rebar and Farmer's Cooperative. The Board of Supervisors feels that it could be in the best interest of all concerned if a compromise to meet the needs of these local companies and Norfolk Southern Corporation can be negotiated. The possibility of continuing rail service from Farmville to Pamplin is an option that the Board would like to have considered.

The County of Prince Edward looks forward to working with Norfolk Southern as decisions on future plans are being made.

Sincerely,

A handwritten signature in cursive script that reads "Mildred B. Hampton".

Mildred B. Hampton
County Administrator

cc: Prince Edward County Board of Supervisors
Mr. W. Bruce Wingo, Resident Vice President, NS
Ms. Sarah Brooks Corey, Director, Strategic Planning, NS
SMI Rebar
Farmer's Cooperative

180

BOARD OF SUPERVISORS

WILLIAM G. FORE, JR.
CHAIRMANHOWARD F. SIMPSON
VICE-CHAIRMANROBERT M. JONES
CHARLES W. MCKAY
JAMES C. MOORE
MARY M. STOKES
J. ALVIN THOMAS, JR.
LACY B. WARD

COUNTY OF PRINCE EDWARD, VIRGINIA

WWW.CO.PRINCE-EDWARD.VA.US

COUNTY ADMINISTRATOR
MILDRED B. HAMPTONPOST OFFICE BOX 302
FARMVILLE, VA 23901

(434) 292-8837 VOICE

(434) 392-6083 FAX

SHAMPTON
CO. PRINCE-EDWARD, VA, USA RESOLUTION OF THE
BOARD OF SUPERVISORS OF THE COUNTY OF PRINCE EDWARD, VIRGINIA

WHEREAS, the rail service provided to the County of Prince Edward and the Town of Farmville by Norfolk Southern Corporation is an invaluable transportation and economic development resource for our community and our region; and

WHEREAS, Norfolk Southern Corporation is studying the potential abandonment of the rail line from Pamplin to Burkeville, which passes through Farmville; and

WHEREAS, SMI Rebar and Farmer's Cooperative are located on the Norfolk Southern rail line and are current rail users, and have requested support from the County for continued rail service; and

WHEREAS, SMI located to and expanded their operations in the County of Prince Edward based on the availability of rail service; and

WHEREAS, the County of Prince Edward understands that Norfolk Southern Corporation must make its abandonment decision based on the financial impact to the company;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Supervisors of the County of Prince Edward, Virginia hereby requests that Norfolk Southern Corporation give all possible consideration to continuing rail service from Farmville to Pamplin.

Certification

I hereby certify that the foregoing resolution was duly considered by the Board of Supervisors of the County of Prince Edward, Virginia at a regular board meeting in Prince Edward County, Virginia, at which a quorum was present and that same was passed by a vote of 8 in favor and 0 opposed, this 9th day of September, 2003.

Chairman

ATTEST:

County Administrator

181

COUNTY of
CUMBERLAND
VIRGINIA

FOUNDED • 1749

P.O. Box 110
Cumberland, Virginia 23040
(804) 492-3625 Phone
(804) 492-9224 Fax

County Administrator
Judy O. Hollifield

Assistant Administrator
Sherry Swinson

County Attorney
Darvin E. Satterwhite

Board of Supervisors
Juanita M. Urban
L.T. Murray, Jr.
R. Phillip Scarborough, Jr.
Elbert R. Womack
Ray G. Wooten

RESOLUTION

WHEREAS, the Cumberland County Board of Supervisors recognizes the invaluable transportation and economic development resource of rail service offered by Norfolk Southern Corporation to our region; and

WHEREAS, the Board is aware of Norfolk Southern Corporation's assessment of the potential abandonment of the rail line from Pamplin to Burkeville, which passes through Cumberland County; and

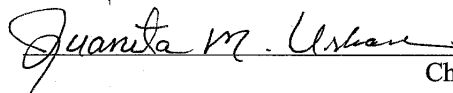
WHEREAS, the Board understands that the decision of abandonment by Norfolk Southern Corporation ultimately will be based on the economic impact to the company; and

WHEREAS, many citizens of Cumberland County are served by Farmer's Cooperative, a current rail user; and

NOW, THEREFORE, BE IT RESOLVED, that the Board of Supervisors of Cumberland County, Virginia, hereby respectfully requests that Norfolk Southern Corporation give all possible consideration to continuing rail service from Farmville to Pamplin.

Certification

I hereby certify that the foregoing resolution was duly considered by the Board of Supervisors of the County of Cumberland, Virginia at a regular board meeting in Cumberland County, Virginia at which a quorum was present and that same was passed by a vote of 5 in favor and 0 opposed, this 12th day of November, 2003.

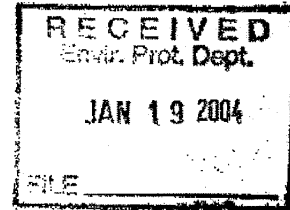

Chairman

Attest:


County Administrator

LGW

Town Of Pamplin
P.O. Box 1338
Pamplin, VA 23958



January 14, 2004

Mr. Larry Western
Section of Environmental Analysis (SEA) Room 3219
Surface Transportation Board
1925 K Street, N.W.
Washington, DC 20423-001

Subject: Proposed Abandonment of the segment of rail between Milepost N-133.4 and
Milepost N-169.06, a distance of 35.66 miles between Burkeville and Pamplin City,
located in Appomattox, Prince Edward, Cumberland and Nottoway Counties, Virginia.

Dear Mr. Western:

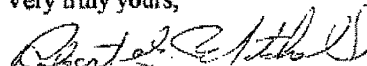
The town of Pamplin City appreciates the opportunity to comment on the proposed abandonment of the Burkeville - Pamplin rail service. Mr. John Spencer, Acting County Administrator for Appomattox County, forwarded the Norfolk Southern letter of December 22, 2003, concerning this docket to us because the Town is the most directly affected community.

The Town supports the basic proposal for the abandonment of the 35.66 mile trackage between Burkeville and Pamplin. The social and long term environmental benefits would thus attend the entire length of the trackage abandonment. The opportunity to create a recreational trail in this region of Virginia is a compelling prospect and should be pursued. The Town would be pleased to participate in further study of the proposal.

The basic position stated above was considered and approved by the Pamplin Town Council at its meeting of January 8, 2004.

Thank you.

Very truly yours,


Robert G. Mitchell
Mayor

183

cc: Norfolk Southern, K.R. Miller
Appomattox County Administrator, John Spencer

FEB-03-04 13:15
02/03/2004 12:03

540 981 4651
540-981-4651

P.05
NS ENVIR PROTECT

R-857 Job-188

PAGE 05/05



LGW

COMMONWEALTH of VIRGINIA

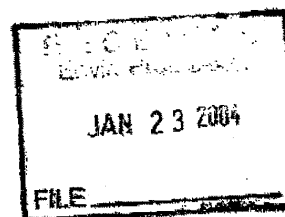
DEPARTMENT OF TRANSPORTATION
1401 EAST BROAD STREET
RICHMOND, VIRGINIA 23219-2000

PHILIP A. SHUCET
COMMISSIONER

EARL T. ROBB
STATE ENVIRONMENTAL ADMINISTRATOR

January 20, 2004

Mr. K.R. Miller
Director-Environmental Engineering and Audits
Norfolk Southern Corp.
Environmental Protection
110 Franklin Road, S.E.
Roanoke, VA 23129



Dear Mr. Miller:

The Virginia Department of Transportation has reviewed the information provided for the Proposed Abandonment of 35.66 miles of rail segment between Milepost N-133.4 and Milepost N-169.06. Our review covers impacts to existing and proposed transportation facilities.

The proposed project should have minimal impacts to traffic during construction, with no long-term, negative impacts. All work with the potential to effect roadways or other transportation facilities should be coordinated with VDOT's Lynchburg District (434-947-6559).

Thank you for the opportunity to comment on this project.

Sincerely,

A.C. Ray
A. C. (Chip) Ray
Environmental Specialist II
VDOT
1401 East Broad St.
Richmond, VA 23219
804-371-6823 - O
804-786-7401 - FAX

FEB-03-04 13:15
02/03/2004 12:03

540 981 4651
540-981-4651

P.03
NS ENVIR PROTECT

R-857 Job-188

PAGE 03/05

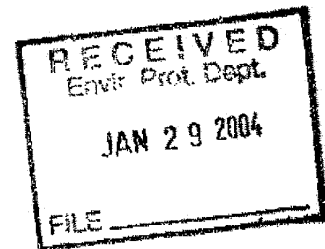
LGW



COUNTY OF PRINCE EDWARD, VIRGINIA
WWW.CO.PRINCE-EDWARD.VA.US

POST OFFICE BOX 392, FARMVILLE, VA 23001
(434) 392-8837 VOICE - (434) 392-6683 FAX
INFO@CO.PRINCE-EDWARD.VA.US

January 21, 2004



Surface Transportation Board
Section of Environmental Analysis (SEA)
Room 3219
1925 K Street, NW
Washington, DC 20423-001

Mr. K.R. Miller
Director, Environmental Engineering and Audits
Norfolk Southern corporation
110 Franklin Street, SE
Roanoke, Virginia 24042-0013

Subject: Proposed abandonment of the segment of rail between Milepost N-133.4 and Milepost N-169.06, a distance of 35.66 miles between Burkeville and Pamplin City, located in Appomattox, Prince Edward, Cumberland and Nottoway Counties, Virginia

At its January 13, 2004 meeting, the Board of Supervisors of the County of Prince Edward, Virginia, requested that the County respond to the letter of December 22, 2003 from Mr. K.R. Miller, concerning the proposed abandonment of the segment of Norfolk Southern rail between Burkeville and Pamplin.

Attached for your information is a copy of a resolution that the Board of Supervisors of the County of Prince Edward adopted at its September 9, 2003 meeting. The County of Prince Edward is interested in seeing rail service continued for the two existing local customers on this section of rail line, SMI Rebar and Farmer's Cooperative. The Board of Supervisors feels that it could be in the best interest of all concerned if a compromise to meet the needs of these local companies and Norfolk Southern Corporation can be negotiated. The possibility of continuing rail service from Farmville to Pamplin is an option that the Board would like to have considered.

The County of Prince Edward appreciates your consideration and looks forward to working with Norfolk Southern as decisions on future plans are being made.

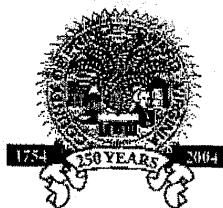
Sincerely,

Mildred B. Hampton

Mildred B. Hampton
County Administrator

185

cc: SMI Rebar
Farmer's Cooperative



COUNTY OF PRINCE EDWARD, VIRGINIA

WWW.CO.PRINCE-EDWARD.VA.US

POST OFFICE BOX 302, FARMVILLE, VA 22901
(434) 392-6637 VOICE • (434) 392-6683 FAX
INFO@CO.PRINCE-EDWARD.VA.US

**A RESOLUTION OF THE
BOARD OF SUPERVISORS OF THE COUNTY OF PRINCE EDWARD, VIRGINIA**

WHEREAS, the rail service provided to the County of Prince Edward and the Town of Farmville by Norfolk Southern Corporation is an invaluable transportation and economic development resource for our community and our region; and

WHEREAS, Norfolk Southern Corporation is studying the potential abandonment of the rail line from Pamplin to Burkeville, which passes through Farmville; and

WHEREAS, SMI Rebar and Farmer's Cooperative are located on the Norfolk Southern rail line and are current rail users, and have requested support from the County for continued rail service; and

WHEREAS, SMI located to and expanded their operations in the County of Prince Edward based on the availability of rail service; and

WHEREAS, the County of Prince Edward understands that Norfolk Southern Corporation must make its abandonment decision based on the financial impact to the company;

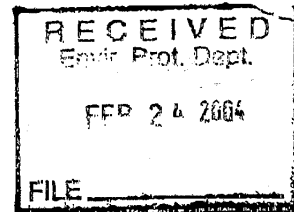
NOW, THEREFORE, BE IT RESOLVED, that the Board of Supervisors of the County of Prince Edward, Virginia hereby requests that Norfolk Southern Corporation give all possible consideration to continuing rail service from Farmville to Pamplin.

Certification

I hereby certify that the foregoing resolution was duly considered by the Board of Supervisors of the County of Prince Edward, Virginia at a regular board meeting in Prince Edward County, Virginia, at which a quorum was present and that same was passed by a vote of 8 in favor and 0 opposed, this 9th day of September, 2003.


County Administrator

CERTIFIED TRUE COPY



COMMONWEALTH of VIRGINIA

DEPARTMENT OF TRANSPORTATION
1401 EAST BROAD STREET
RICHMOND, VIRGINIA 23219-2000PHILIP A. SHUCET
COMMISSIONER

February 19, 2004

MOHAMMAD MIRSHAHI, P.E.
STATE LOCATION AND DESIGN ENGINEER

Benchmarks Affected by Proposed Abandonment

LGW
Mr. K. R. Miller
Director Environmental Engineering and Audits
Norfolk Southern Corporation
Environmental Protection
110 Franklin Road, S.E.
Roanoke, Virginia 24042-0013

Dear Larry,

Please find attached the maps containing the benchmarks that I am concerned about with the recent abandonment. If we need to identify or locate any marks in the field, please let me know. I apologize for not getting these maps to you sooner.

Sincerely,

Michael W. Zmuda, P.E., L.S.
Programs Manager
Surveys and PhotogrammetryMICHAEL W. ZMUDA, P.E., L.S.
PROGRAMS MANAGER
SURVEYS AND PHOTOGRAMMETRY
VIRGINIA DEPARTMENT OF TRANSPORTATION
1401 EAST BROAD STREET
RICHMOND, VIRGINIA 23219
E-MAIL: Michael.Zmuda@VirginiaDOT.org
TELEPHONE: (804) 786-2565
FAX: (804) 786-1788

187

VirginiaDOT.org
WE KEEP VIRGINIA MOVING

AUG 10 2004 16:20

540 981 4651

PAGE.06

Norfolk Southern Railway Control Points from Burkeville to Pamplin						
	Designation					
	M 29		Start: Rte. 724 at RR crossing in Burkeville			
	D 68					
These are in order	BURK AZ MK					
from east to west	RV 134.8					
	RV 135.6					
	RV 136.3					
	7-782-76					
	7-782-78					
	RV 138	66 total points				
	G 68					
	7-782-80					
	RV 139.1					
	RV 139.9					
	H 68					
	RV 140.8					
	RV 141.7					
	J 68					
	RV 142.9					
	RV 143.7					
	7-782-87					
	CCEHB					
	CCWHB					
	RV 145.8					
	7-782-89					
	RV 147.1					
	7-782-91					
	RV 147.7					
	RV 148					
	M 68					
	N 68					
	RV 149.5					
	319.5					
	RV 150.1=RV 91					
	RV 150.6					
	RV 151.4					
	Q 68					
	Q 68 RESET					
	RV 152.5					
	7-752-100					
	RV 153.4					
	RV 154.1					
	7-782-102					
	RV 155.5					
	7-782-103					
	S 68					

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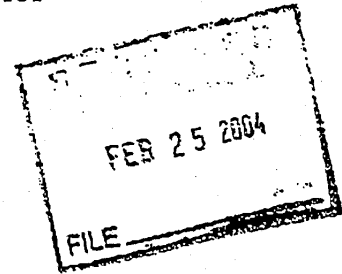
IN REPLY REFER TO:

United States Department of the Interior

NATIONAL PARK SERVICE

Northeast Region
United States Custom House
200 Chestnut Street
Philadelphia, PA 19106

FEB 23 2004



L (NER/RSS-RP&C)

Larry Western
Norfolk Southern Corporation
Environmental Protection
110 Franklin Road, S.E.
Roanoke, Va 24042-0013

Subject: Request for Information
Proposed Abandonment of the segment of rail between Milepost N-133.4 and
Milestone N-169.06, a distance of 35.66 miles between Burkeville and Pamplin City,
located in Appomattox, Prince Edward, Cumberland, and Nottoway Counties, VA

Dear Mr. Western:

This office has reviewed your incoming letter regarding this proposal. In addition to managing units of the National Park System, the Service is responsible for stewardship of natural and cultural resources protected under the following legislation:

- Historic Sites Act of 1935 (National Natural Landmarks)
- National Historic Preservation Act of 1966 as amended
- Land and Water Conservation Fund Act of 1965 as amended
- Urban Park and Recreation Recovery Act of 1978
- Wild and Scenic Rivers Act of 1968 as amended

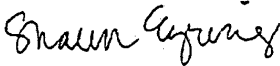
A national park known as Appomattox Court House National Park is present in Appomattox, VA. The section of the line which is proposed for abandonment contains a feature near the town of Farmville known as High Bridge. This was the location of a significant event leading to General Robert E. Lee's surrender during the Civil War. Locally, it has been proposed that this and the rest of the abandoned section would be deeded to the State of Virginia to be developed into a bike trail and recreation facilities. The National Park Service strongly encourages this action if it leads to a state park facility which would protect the High Bridge historic resource.

If your project is within a mile of this park, you must contact the Superintendent:

H. Reed Johnson
434-352-8987

The VA State Historic Preservation Officer (SHPO) will be able to provide detailed information on properties listed on the National Register of Historic Places or designated as National Historic Landmarks. SHPO contact information can be found at www.ncshpo.org.

Sincerely,



for Tina C. LeCoff, ASLA
Resource Planning Specialist
Resource Planning & Compliance Program



COMMONWEALTH of VIRGINIA

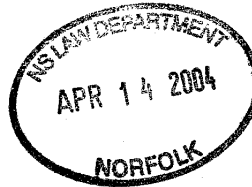
KAREN J. RAE
DIRECTOR

DEPARTMENT OF RAIL AND PUBLIC TRANSPORTATION
1313 EAST MAIN STREET, SUITE 300
P.O. BOX 590
RICHMOND, VA 23218-0590

(804) 786-4440
FAX (804) 786-7286
VIRGINIA RELAY CENTER
1-800-828-1120 (TDD)

April 8, 2004

Mr. James R. Paschall
General Attorney
Norfolk Southern Corporation
Law Department
Three Commercial Place
Norfolk, VA 23510-9241



Ref: STB Docket No. AB-290 – Abandonment of Rail Lines and Discontinuance of service-Norfolk Southern Railway Company and
STB Docket No. AB-859 – Abandonment of Rail Lines and Discontinuance of Service – Pennsylvania Lines, LLC
Amendment to the System Diagram Map

Dear Mr. Paschall:

Thank you for providing us with a copy of Norfolk Southern's revised System Diagram Map.

The Commonwealth has an interest in the Burkeville to Pamplin line segment, which is listed as Category 1. During the discussions of HB643 in the 2004 session of the General Assembly, we were advised that NS would file an STB request in late this 2004 to have this line transferred to the Commonwealth under the "rails to trails" provisions of the Federal code. Recently it was learned that the filing may take place in June.

This section of track was part of the corridor identified in the Commonwealth's Bristol to Richmond and Washington DC rail passenger study. Norfolk Southern's filing would have an impact on these plans. It was suggested by others that the line segment be purchased to continue some freight service and reserve the corridor for future passenger service. The Commonwealth needs to define and review all the options.

The "rails to trails" approach would allow for future use for rail services but the conditions would have to be identified. Other options are the purchase by the Commonwealth or others to continue service; or utilize the southern corridor, which bypasses Farmville.

The type of filing will affect the considerations. At the time of the filing the Commonwealth would probably request additional time to complete the review. Please keep this office advised of NS's future actions concerning this line. Thank you for your assistance in this matter.

Sincerely,

A handwritten signature in cursive script, appearing to read "Karen J. Rae".

Karen J. Rae

Cc Secretary Whittington Clement
Honorable Theodore V. Morrison
Massound Tahamotani
George Conner



COMMONWEALTH of VIRGINIA

KAREN J. RAE
DIRECTOR

DEPARTMENT OF RAIL AND PUBLIC TRANSPORTATION
1313 EAST MAIN STREET, SUITE 300
P.O. BOX 590
RICHMOND, VA 23218-0590

(804) 786-4440
FAX (804) 786-7286
VIRGINIA RELAY CENTER
1-800-828-1120 (TDD)

September 17, 2004

Sarah B. Corey
Manager, Strategic Planning
Norfolk Southern Corporation
Three Commercial Place
Norfolk, VA 23510

REF: The Potential Abandonment of the Farmville, Virginia Main Line

Under separate cover, on April 8, 2004, I expressed to Mr. James R. Paschall, General Attorney, the Commonwealth's interest in the Norfolk Southern (NS) line section from Burkeville to Pamplin via Farmville.

As stated in the April 8, 2004 letter, this almost 35 mile line section is part of a corridor identified by the Department of Rail and Public Transportation (DRPT) for development as the Bristol to Washington D.C. and Richmond rail passenger service. Obviously, an STB filing for abandonment of this line section has an impact on these plans.

Following the passage of HB 643, an Act authorizing the Department of Conservation and Recreation to accept title to certain real property along abandoned railroad lines in several counties, it was suggested by others that the line segment be purchased to continue some freight service and reserve the corridor for future passenger service. The question of rails with trails was also raised. DRPT is engaging a private consultant to explore this possibility. We are attempting to have this study completed as soon as possible.

During the NS evaluation of and preparation for filing for abandonment of this line section, please take into consideration that DRPT desires to enter into discussions with NS concerning the future of this line section, options available for continued public use and the continuation of freight rail service in reserve for future passenger rail service.

Sincerely,

Karen J. Rae

CC: James Paschall ✓
George Conner
Kevin Page
Alan Tobias

Appendix D

Certification of Environmental Report Recipients



December 20, 2003

State Clearinghouse (or alternate):

Department of Transportation
1221 E. Broad Street
Richmond, Virginia 23219

State Environmental Protection Agency:

Virginia Department of Environmental Quality
629 East Main Street
P.O. Box 10009
Richmond, Virginia 23240

**State Coastal Zone Management Agency
(if applicable)**

Not Applicable

Head of each County:

Mr. Ronald Roark
Nottaway County Administrator
344 West Courthouse Road
Nottoway, Virginia 23955

Head of each County:

Cumberland County Courthouse
PO Box 8
Cumberland, VA 23040

National Geodetic Survey:

Mr. Michael W. Zmuda, State Advisor
Virginia Department of Transportation
1401 East Broad Street
Richmond, Virginia 23219

U.S. Fish and Wildlife:

(Region 5)
300 West Gate Center Drive
Hadley, Massachusetts 01035-9589

U.S. Army Corps of Engineers:

Norfolk District
803 Front Street
Norfolk, Virginia 23510-1096

National Park Service:

(Northeast Region)
US Custom House
200 Chestnut Street, 5th Floor
Philadelphia, Pennsylvania 19106

**U.S. Natural Resources Conservation
(Service):**

State Conservationist, M. Denise Doetze
Natural Resource Conservation Service
1606 Santa Rosa Road, Suite 209
Richmond, Virginia 23229-5014

Head of each County:

Ms. Mildred B. Hampton
Prince Edward County Administrator
P.O. Box 382
Farmville, Virginia 23901

Head of each County:

County Administrator
PO Box 863
Appomattox, VA 24522

**Environmental Protection Agency
(regional office)**

U.S. EPA - Region 3
1650 Arch Street
Philadelphia, Pennsylvania 19103

This Environmental Report for Proposed Rail Line Abandonment was sent to the above referenced agencies on

12/22/03
Date

K.R. Miller, Director Environmental Engineering and Audits

Appendix E

Report of Endangered and Threatened Species

Natural Heritage Resources by County

Your Search Criteria:

Appomattox County(ies)

Taxonomic Group:

Federal Legal Status: All,

State Legal Status: All,

Search run: 10-29-2003

- On the map page, set page orientation to landscape to print map.

Click highlighted scientific names below to go to NatureServe report. [Search Menu](#)

Scientific Name	Common Name	<u>Global</u> <u>Rank</u>	<u>State</u> <u>Rank</u>	<u>Federal</u> <u>Status</u>	<u>State</u> <u>Status</u>	Num Occurences Statewide
<u><i>Isotria medeoloides</i></u>	Small Whorled Pogonia	G2	S2	LT	LE	47

County Name	Last Year Observed
Appomattox	1986

Note: On-line queries provide basic information from DCR's databases at the time of the request. They are NOT to be substituted for a project review or for on-site surveys required for environmental assessments of specific project areas.

Need Additional Information? For more detailed information on locations of Natural Heritage Resources submit an [information request](#).

Want to Contribute? If you have information on locations of natural heritage resources, please fill out and submit a [rare species sighting form](#)

Copyright VA Natural Heritage Program. 2001-2002.

Return to the [Online Information page](#)

Natural Heritage Resources by County

Your Search Criteria:
Prince Edward County(ies)
Taxonomic Group:
Federal Legal Status: All,
State Legal Status: All,
Search run: 12-22-2003

-On the map page, set page orientation to landscape to print map.
Click highlighted scientific names below to go to NatureServe report. [Search Menu](#)

Scientific Name	Common Name	<u>Global Rank</u>	<u>State Rank</u>	<u>Federal Status</u>	<u>State Status</u>	Last Year Observed
Prince Edward						
BIRDS						
<u>Haliaeetus leucocephalus</u>	Bald Eagle	G4	S2S3B,S3N	LT	LT	2002
VASCULAR PLANTS						
<u>Desmodium ochroleucum</u>	Creamflower Tick-trefoil	G2?	SH	SOC		1969
<u>Isoetes virginica</u>	Virginia Quillwort	G1	S1?	SOC		1995

Note: On-line queries provide basic information from DCR's databases at the time of the request. They are NOT to be substituted for a project review or for on-site surveys required for environmental assessments of specific project areas.

Need Additional Information? For more detailed information on locations of Natural Heritage Resources submit an [information request](#).

Want to Contribute? If you have information on locations of natural heritage resources, please fill out and submit a [rare species sighting form](#)

Copyright VA Natural Heritage Program. 2001-2002.

Return to the [Online Information page](#)

Natural Heritage Resources by County

Your Search Criteria:
Cumberland County(ies)
Taxonomic Group:
Federal Legal Status: All,
State Legal Status: All,
Search run: 10-29-2003

-On the map page, set page orientation to landscape to print map.
Click highlighted scientific names below to go to NatureServe report. [Search Menu](#)

Scientific Name	Common Name	<u>Global</u> <u>Rank</u>	<u>State</u> <u>Rank</u>	<u>Federal</u> <u>Status</u>	<u>State</u> <u>Status</u>	Last Year Observed
Cumberland						
BIRDS						
<u>Lanius ludovicianus</u>	Loggerhead Shrike	G4	S2B,S3N		LT	1993
BIVALVIA (MUSSELS)						
<u>Elliptio lanceolata</u>	Yellow Lance	G2G3	S2S3	SOC	SC	1966
<u>Fusconaia masoni</u>	Atlantic Pigtoe	G2	S2	SOC	LT	1966
<u>Lasmigona subviridis</u>	Green Floater	G3	S2		SC	1966
<u>Lexingtonia subplana</u>	Virginia Pigtoe	G1Q	S1	SOC		1966

Note: On-line queries provide basic information from DCR's databases at the time of the request. They are NOT to be substituted for a project review or for on-site surveys required for environmental assessments of specific project areas.

Need Additional Information? For more detailed information on locations of Natural Heritage Resources submit an [information request](#).

Want to Contribute? If you have information on locations of natural heritage resources, please fill out and submit a [rare species sighting form](#)

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Return to the [Online Information page](#)

Natural Heritage Resources by County

Your Search Criteria:

Nottoway County(ies)

Taxonomic Group:

Federal Legal Status: All,

State Legal Status: All,

Search run: 10-29-2003

-On the map page, set page orientation to landscape to print map.

Click highlighted scientific names below to go to NatureServe report. [Search Menu](#)

Your Search did not return any results.

Note: On-line queries provide basic information from DCR's databases at the time of the request. They are NOT to be substituted for a project review or for on-site surveys required for environmental assessments of specific project areas.

Need Additional Information? For more detailed information on locations of Natural Heritage Resources submit an [information request](#).

Want to Contribute? If you have information on locations of natural heritage resources, please fill out and submit a [rare species sighting form](#)

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HISTORIC REPORT
PROPOSED RAIL LINE ABANDONMENT

PROPOSED ACTION AND ALTERNATIVES

Norfolk Southern Railway Company (NSR) proposes to abandon 33.8 miles of rail line between Milepost N-134.1 at Burkeville and Milepost N-167.9 at Pamplin City, Virginia.

A map delineating the line proposed for abandonment is attached as Appendix "A".

The alternatives to abandonment of the line are to not abandon the line or to discontinue service on the line, retaining the trackage in place. Neither of these alternatives is economically feasible for NSR.

ADDITIONAL INFORMATION

- (1) **U.S.G.S. Topographic Map** -- Maps were furnished to the Virginia Department of Historic Resources.
- (2) **Written Description of Right of Way** -- The right of way width ranges from 80 to 200 feet with an average of 125 to 150 feet. The line passes through residential (50%), unimproved (25%), forest (20%) and industrial (5%) areas.
- (3) **Photographs** -- Photographs were furnished to the Virginia Department of Historic Resources.
- (4) **Date of Construction of Structures** -- Construction dates are shown on the Bridges and Structures Listing attached to this report.
- (5) **History of Operations and Changes Contemplated** -- Norfolk Southern Railway Company proposes to abandon 33.8 miles of line of railroad between Milepost N-134.1 at Burkeville, VA and Milepost N-167.9 at Pamplin City, VA.

The Southside Railroad Company constructed its line of railroad between Petersburg, VA and Lynchburg, VA, including the subject line segment, during the period between December 29, 1849 and October 1, 1854.

The Southside Railroad Company was incorporated under special Act of the General Assembly of Virginia, March 5, 1846, and was organized April 1849 for the purpose of constructing a line from Petersburg, VA westward. The Southside Railroad Company began construction of its line on December 29, 1849. By an Act of the General Assembly of Virginia, March 12, 1850, the Southside Railroad Company was authorized to construct its railroad to a western terminus at Lynchburg, VA, at a point on the line of the Virginia and Tennessee Railroad Company. The Southside Railroad Company completed construction of its 123 miles of mainline track on October 1, 1854.

The Southside Railroad Company line was used to supply the Confederate Army as well as the civilian populations of Petersburg, Virginia and Richmond, Virginia from the west during most of the Civil War. The Southside Railroad also figured in the final retreat of the Confederate forces from Petersburg to Appomattox Court House, Virginia, and surrender, in April 1865. While some of the readily available history of the Southside Railroad in the Civil War is recounted below, Norfolk Southern Railway does not have records or information that can add to the existing extensive historical record already in the public domain. A good source of information about the role of the railroads in the Civil War, including the Southside Railroad, is *The Railroads of the Confederacy* by Robert C. Black, University of North Carolina Press, 1952. The most

prominent historical incidents involving the Southside Railroad are the fall of the Confederate defenses at Five Forks, Virginia on the outskirts of Petersburg, Virginia, on April 1-2, 1865 and the ensuing, brief Appomattox campaign. The most important battle of this campaign before the surrender of the Confederate forces was the battle of Sailor's Creek (sometimes shown as Sayler's Creek). These events are recounted in detail in *To Appomattox: Nine April Days, 1865* by Burke Davis, 1959: NY, Rinehart & Company, published in soft cover by Eastern Acorn Press in 1993.

The Southside Railroad's involvement in the Appomattox campaign was most prominent when remaining Confederate forces used the High Bridge over the Appomattox River for their retreat after the Battle of Sailor's Creek on April 6-7. The Confederates attempted to burn the bridge but the Union Army saved much of it and used it in their pursuit of the retreating Confederates. The Southside Railroad Company constructed the original wooden bridge on brick piers in 1853. This bridge, which was the bridge in existence during the Civil War, varied in height from 60 feet at the abutment to 125 feet at the river and spanned 2,400 feet from end to end resting on 21 brick piers. This bridge was once considered one of the longest and tallest bridges in the world. The original piers that remain once supported the wooden superstructure that was partially burned by the retreating Confederates in 1865. The current High Bridge is not the bridge that was in existence during the Civil War. The High Bridge was replaced by the current all-steel bridge, which was built in 1912. After the steel bridge was completed, the old bridge's super-structure was dismantled. The

remaining brick piers are the only remnants of the former Southside Railroad Company's original High Bridge.

During the Civil War, the Virginia Central Railroad carried vital supplies from the Shenandoah Valley to Confederate forces and civilian populations at Petersburg and on to Richmond, with occasional disruptions, well into 1864. Even after the Virginia Central was severed by Union forces, traffic from the west could move south on the Orange and Alexandria and be interchanged at Lynchburg with the Southside Railroad Company line. The Southside Railroad could then move the supplies to Petersburg, and from that point to Richmond. The Southside Railroad continued to move supplies to Petersburg and Richmond, with some interruptions from Union Army raiders, until the Battle of Five Forks, Virginia on April 1-2, 1865.

The Southside Railroad line around Petersburg and Five Forks, described in the following narrative, is not part of the line that is the subject of the abandonment petition. However, the line in the area of the High Bridge and Farmville, that was involved in the retreat of the Confederate forces and pursuit by the Union forces from Sailor's Creek to Appomattox is part of the line to be abandoned. As noted elsewhere in this report, the current High Bridge is not the same bridge that existed during the Civil War, and in fact, it is not on the same piers. Nonetheless, the Confederate forces did retreat through the general location on their march from Sailor's Creek to Appomattox Court House.

In January 1865, the Union army under Lieutenant General Ulysses S. Grant was aggressively extending its lines to the left and probing Lee's right flank

in the Petersburg area. The Union Army cut the besieged area from access to the south over the Weldon Railroad and the Army's next target was to cut off the Southside Railroad line to Lynchburg and Danville. The Southside Railroad was the last rail line remaining to supply Confederate commander Robert E. Lee's army and possibly to permit it to escape from Petersburg to join with the Confederate Army of General Joseph Johnston in the Carolinas.

On February 5, 1865, Union troops marched via the Vaughan Road across Hatcher's Run toward Little Cattail Creek and then turned to advance north and west toward the Boydton Plank Road and Burgess Mill with Hatcher's Run at their right flank. The battle continued for two days. By February 7, the Union attack west of Hatcher's Run was abandoned, but the Union Army was successful in extending its line as far as the east bank of Hatcher's Run at the Vaughan Road crossing. This positioned them for a final thrust at severing the Southside Railroad and encircling Lee's army.

Over a 10-month period to March 1865, General Grant had slowly extended the Union Army's siege trenches south and west of Petersburg, cutting the roads and railroads that linked the city, and Richmond, to the rest of the South. When only the Southside Railroad Company's line remained open in March 1865, Grant anticipated that Lee might order his army to try to retreat from Petersburg in order to join with General Joseph Johnston's force in North Carolina for a combined stand against the Union forces. Therefore, Grant planned to cut the Southside Railroad and Lee's escape route with the expected fall of Petersburg to prevent the combination of the Confederate forces.

In late March 1865, Grant sent General Phillip Sheridan's cavalry, supported by infantry of the 5th Corps, on a wide sweep to the west, his left flank, in an effort to capture the strategically situated road junction of Five Forks, Virginia. Capture of this junction would threaten the Confederate hold on the Southside Railroad and nearly accomplish the encirclement of Lee's Army.

On March 29, 1865, the Union movement on Five Forks began. Sheridan and the cavalry pushed out ahead by way of Dinwiddie Court House with the ultimate objective of striking at Burke's Station where the Southside and Danville Railroads intersected. Grant moved his main body of troops to envelop Lee's right. Lee was alert to the threat, however, and moved forces to the west to counter Grant's move. General A.P. Hill's corps did not wait to be struck by the Union force, but attacked the Union left flank in the swampy forests around White Oak Road. The Union Army's 5th Corps, under General G. K. Warren was pushed back at first, but Warren regrouped his force and counterattacked. By March 31, two days later, the Union Army had driven Hill's force back to the trenches.

Lee's Army was now outnumbered by over two-to-one in the Petersburg area. Nonetheless, the Confederates again counterattacked with a combined force of 10,500 infantry and cavalry troops under Generals George Pickett and Fitzhugh Lee. Pickett's orders from Lee were: "Hold Five Forks at all hazards." The Rebel counterattack had some initial success. Sheridan was pushed southward toward Dinwiddie Courthouse and away from Five Forks. As the Confederate attack progressed southward, however, Pickett's forces opened up

a four-mile gap between itself and the rest of Lee's army in the Petersburg area.

Sheridan realized that the Confederates had put their force in a vulnerable position. His forces could attack Pickett's left flank, and due to that 4-mile gap, possibly cut off Pickett from Lee and destroy his force. The Union attack by Sheridan's cavalry and Warren's 5th Corps of infantry was set for the morning of April 1, 1865.

Sheridan was still formally the commander of the Army of the Shenandoah, and also had authority from Grant to take control of any nearby infantry corps of the Army of the Potomac. When Warren moved too slowly to attack the exposed rear of Pickett's forces and destroy them, Pickett consolidated his position. Sheridan's attack at the start of the next day also failed to destroy Pickett because, in Sheridan's view, Warren had moved his corps too slowly and put most of it in the wrong place. Sheridan then relieved Warren of command and prepared to attack again.

As lunchtime on April 1 approached, both Pickett and Fitz Lee convinced themselves that Sheridan would not attack again that day and accepted an invitation to a shad bake. They apparently did not bother to inform their staffs where they would be. Late in the afternoon, Sheridan's cavalry and Warren's forces under Sheridan's overall command finally renewed the attack. With Sheridan's cavalry holding the rebel's attention to the front with their attack, Warren's three divisions of 6,000 infantry headed for the angle in the Confederate line that was formed where Pickett had bent his line back to protect his rear. Warren missed his target, striking 800 yards further along the rebel line

than he intended, but this turned out to be to the Union force's advantage. Instead of striking Pickett's prepared line head on, Warren's troops began to overlap the Rebel left flank and pour into their rear. Under fire from the front and rear, the Confederate troops began to panic and flee back to their Petersburg lines. The battle raged only 2 miles away from the shad bake, but Pickett and Fitz Lee were unaware of it. Due to an apparent atmospheric anomaly, the site of the fish bake was enclosed in some sort of "cone of silence," where the sounds of the battle could not be heard. It was only when Pickett returned to his command that he discovered the situation. By this time, however, it was too late to do anything about it. Sheridan's troops, along with those under Warren, had destroyed Pickett's unit as a fighting force. Five Forks was in Union hands.

After the Union forces captured Five Forks, Sheridan had turned the Confederate flank. Only the bridges over the Appomattox River in Petersburg stood between Sheridan's forces the imminent capture of Petersburg, the Southside Railroad and Lee's Army of Northern Virginia and it was clear the Confederates could not hold these for long. Thus, the next morning, Lee informed Jefferson Davis that Petersburg and Richmond must be evacuated.

The Union victory at Five Forks encouraged Grant to order a general assault along the entire Petersburg line for 4:45 am on April 2, 1865 in an effort to break the Confederate lines. The Union 6th corps overran thin Confederate fortifications, crossed the Boydton Plank Road, then the Southside Railroad a mile further on. This cut Lee's railroad escape route to the southwest to North Carolina. The Union 6th corps soon linked up with Union General John Gibbon's

24th Corp and began to advance toward Petersburg itself.

As the battles around Petersburg continued, part of General Miles's Union force struck north from White Oak Road meeting elements of four Confederate brigades (Cooke, Scales, MacRae, McGowan) attempting to defend the Southside Railroad. The Confederates placed their left flank on the Ocran Methodist Church, where it was overrun by three of the Union brigades commanded by Miles. The Confederate defenders were scattered and driven northwestward. With this victory, the Federals possessed the Southside Railroad in the Petersburg area and cut off the Confederates' final supply line and its easiest route of retreat.

The Confederate army would now have to cross to the north bank of the Appomattox River using only the two bridges still intact in Petersburg and outrun Grant's pursuing army to a railroad station at Amelia Court House or another station farther west at Appomattox Court House. From there, they could get to the Richmond & Danville Railroad and attempt to link up with General Johnston's force in North Carolina. But first the Union Army had to be kept out of Petersburg until nightfall when Lee could attempt to disengage his troops from the pressing Union forces and escape across the Petersburg bridges.

About 214 men held off a Union attack on the line at Fort Gregg by about 6,000 soldiers for three hours which gave the other Confederate forces time to retreat westward from Petersburg. That night, Lee recalled his army from the scattered trenches and forts. The troops crossed the bridges over the river and began the retreat toward Appomattox Court House. Grant and Sheridan soon

vigorously pursued the retreating Confederates. Lee divided his Army of Northern Virginia into three main columns, which were soon joined by a smaller contingent escaping from the Five Forks battlefields. Lee's immediate plan was to regroup these forces at Amelia Court House, where he believed he could resupply his army via the Southside Railroad before continuing on to North Carolina to join forces with General Johnston's Army of Tennessee.

Because of rain-soaked and swollen streams, the Confederates found the march difficult. The Union Army soon caught and destroyed the majority of the Confederate wagon trains leaving the Richmond and Petersburg areas. When Lee's troops finally arrived at Amelia Court House, the supplies scheduled to meet the converging troops were not there. The Union troops had cut them off by cutting the Southside Railroad further to the west. This forced Lee to waste a day while his men foraged for food. This delay gave Sheridan's Union cavalry enough time to entrench seven miles below Amelia, along the Southside Railroad at Jetersville, blocking Lee's route south. With his most direct route to North Carolina blocked, Lee ordered his columns to move around the Union Army and push westward along the Southside Railroad to Farmville, where he expected to meet supply trains from Lynchburg.

Within a short time of beginning the march on April 6, 1865, several Confederate columns bogged down in bottomlands at Little Sailor's Creek. Unaware of this problem, Lee and Longstreet continued to march toward the crossroads village of Rice, Virginia. With Confederate lines strung out along roads ankle-deep in mud, the Union cavalry struck at their remaining wagons. In

a desperate attempt to save their supplies, Confederate General Ewell detoured the wagon train down Jamestown Road to cross Sailor's Creek further downstream. Generals Anderson and Ewell went forward on the line of march while Confederate General Gordon's forces followed the detoured wagons west. Anderson's line was blocked and after some fighting, his force had to surrender. After heavy fighting, Union General Wright's forces were able to envelope Ewell's Confederate troops at Sailor's Creek and also force them to surrender.

General Gordon's troops and the wagon train were delayed by the need to cross the so-called "double bridges," crossing over the confluence of Big and Little Sailor's Creek. Union troops under General Humphreys attacked Gordon's forces in a sharp, bloody encounter. By nightfall, the battle had ended, with the Union forces capturing an additional 300 wagons and 1,700 more men. As the remaining Confederates fled these three bloody battles at Sailor's Creek toward Rice's Station across Big Sailor's Creek, General Lee remarked, "My God! Has the army been dissolved?" Lee had lost more than 7,700 men and eight generals in the battles at Sailor's Creek.

The Southside Railroad's High Bridge across the Appomattox River northwest of Burkeville, not far from Sailor's Creek, was 2,500 feet long and also carried a wooden wagon bridge beneath the Southside Railroad tracks. On April 6, 1865, Confederate General Longstreet stopped to protect the Southside Railroad at Rice's Station on the south side of the Appomattox River while other Confederate troops came up to that point. When he learned that a Federal raiding party was heading for the High Bridge, he dispatched 1,200 cavalymen

commanded by General "Rooney" Lee and Major General Thomas L. Rosser to secure it so other Confederate troops would be able to cross it. Union General Ord had sent 900 men commanded by Colonel Theodore Read to capture the High Bridge and to cut off the Confederates under General Gordon. Read reached the bridge first and captured the south end. When Rosser arrived, Read ordered a mounted charge which temporarily broke through the Confederate line, but the Confederates counterattacked and separated the Union cavalry from their supporting infantry. Confederate Brigadier General James Dearing was mortally wounded during this battle. He was the last Confederate general to die in the Civil War.

After escaping from Sailor's Creek, Confederate General Gordon's Second Corps crossed the recaptured High Bridge to the north side of the river. Confederate General Mahone's division then secured the bridge for the night. The rest of the Army of Northern Virginia moved on to Farmville that night, where trains of rations were waiting. Early on April 7, 1865, Union General Humphreys's Second Corps advanced on the High Bridge while Mahone's troops were attempting to destroy it before moving on to join the remaining Confederate forces. Union Brigadier General Francis Barlow's division charged the burning structure and saved a large section of the railroad bridge. The Union troops put out the fire before it did major damage and used the lower level wagon bridge to cross to the north side of the river. This enabled Humphreys's corps to move on Lee's flank and force the hungry Confederates leaving the area away from their supply trains. Lee ordered the three supply trains to meet the army at

Appomattox Station. His route along the north bank of the Appomattox River to the station was eight miles longer than the direct one available to the Union cavalry and two Union infantry corps.

Being nearly surrounded and cut off from the west as well as the east at Appomattox Court House, Lee knew that he could accomplish nothing more by continuing to fight. He met Grant at the McLean House in Appomattox Court House on April 9, 1865 and surrendered the Army of Northern Virginia.

The Southside Railroad Company was operated independently from October 1, 1854 until it was consolidated on April 1, 1871 with Virginia and Tennessee Railroad Company, the Virginia and Kentucky Railroad Company and Norfolk and Petersburg Railroad Company to form Atlantic, Mississippi and Ohio Railroad Company. The consolidation was authorized by an Act to Authorize the Formation of the Atlantic, Mississippi and Ohio Railroad Company, passed by the General Assembly of Virginia on November 10, 1870. The Atlantic, Mississippi thus acquired a 408.3-mile continuous line of railroad between Norfolk, Virginia and Bristol, Virginia on the Virginia-Tennessee state line. The Virginia and Kentucky Railroad Company constructed no railroad property, and in conformity with an act of Virginia, approved April 29, 1874, it was dropped out of the consolidation. The Atlantic, Mississippi and Ohio Railroad Company operated its property from April 1, 1871 until June 30, 1876, when, having defaulted in the payment of interest on its first mortgage bonds, receivers took over the property and continued operations until February 10, 1881. The Atlantic, Mississippi and Ohio Railroad Company built no extensions

to the property it acquired from its predecessors.

At the time of the consolidation of the four railroads into the Atlantic, Mississippi and Ohio, each had outstanding mortgage bonds. The AM&O issued its own bonds, secured by a mortgage dated September 9, 1871. After AM&O defaulted on the interest payment on these bonds in March, 1876, the creditors filed a bill in the Circuit Court of the United States for the Eastern District of Virginia for the appointment of a receiver and a sale of the mortgaged property. The court appointed receivers and issued a decree of foreclosure and sale in May, 1879. On February 10, 1881, the road, property and franchises of the AM&O was sold to C. H. Clark and associates, organizers of the Norfolk and Western Railroad Company, and on April 4, 1881, the sale was confirmed. The purchasers named the corporation created by the sale, Norfolk and Western Railroad Company. AM&O's property was conveyed to Norfolk and Western Railroad Company May 3, 1881. Thus, the 403.3 miles of railroad of the Atlantic, Mississippi and Ohio Railroad Company from its eastern terminus in Norfolk, Virginia to its western terminus in Bristol, VA became known as the Main Line of the Norfolk and Western Railroad Company.

Norfolk and Western Railroad Company, predecessor of Norfolk and Western Railway Company, was incorporated under the general laws of Virginia, May 3, 1881.

The Norfolk and Western Railroad Company was a Virginia corporation that operated a railroad system located in the States of Virginia, West Virginia, Maryland, North Carolina, Kentucky and Ohio. The system was 1,570.35 miles

in length. Of the total mileage operated, 1,327.66 miles was owned and 242.69 miles was leased.

Norfolk and Western Railroad Company, was sold at foreclosure September 15, 1896 and conveyed to Norfolk and Western Railway Company, October 1, 1896. Norfolk and Western Railway Company was incorporated by special act of Virginia approved on January 15, 1896, and succeeded, under a plan of reorganization, to the properties of Norfolk and Western Railroad Company, the Lynchburg and Durham Railroad Company (that had been sold first to the Norfolk, Lynchburg and Durham Railroad Company) and the Roanoke and Southern Railway Company (that had been sold first to the Norfolk, Roanoke and Southern Railroad Company). The two companies shown in parentheses were organized on the dates of purchase for the sole purpose of acquiring and transferring the property of the named companies to Norfolk and Western Railway Company.

In *Norfolk & W. Ry. Co. Merger*, 307 ICC 401 (1957), subject to certain conditions, the Interstate Commerce Commission approved the merger of the Norfolk and Western Railway Company and the Virginian Railroad Company. The merger was consummated on December 1, 1957. This afforded the merged company a roughly parallel main line of railroad between Roanoke, Virginia and Norfolk, Virginia to the line segment that is the subject of this proceeding.

On March 17, 1961, the Norfolk and Western Railway Company filed applications with the Interstate Commerce Commission to merge, purchase, control and/or lease the properties of the New York, Chicago and St. Louis

Railroad Company (the "Nickel Plate"), the Wabash Railroad Company and the Sandusky line of the Connecting Railway Company, a Pennsylvania Railroad Company subsidiary. The ICC approved the transaction, subject to certain conditions, and deferral of the question of whether the Delaware and Hudson Railroad, Erie Lackawanna Railroad and Boston and Maine Railroad should be included in the transaction, on July 24, 1964 in *Norfolk & W. Ry. Co. and New York, C. & St. L. R. Co. Merger*, 324 ICC 1 (1964).

In 1962, the main line of the Atlantic and Danville extended from Danville, VA to Clarksville, VA and from Jeffress, VA through Boone, VA to West Norfolk, VA, a distance of about 207 miles. Norfolk, Franklin and Danville Railway Company, a wholly-owned subsidiary of Norfolk and Western Railway Company, was incorporated October 2, 1962 under the laws of the Commonwealth of Virginia to acquire certain assets and to operate the line of railroad of The Atlantic and Danville Railway Company. On October 31, 1962, Norfolk, Franklin and Danville Railway Company acquired the 207-mile line and certain other properties of the Atlantic and Danville Railway Company.

Norfolk Southern Corporation, a non-carrier holding company, was incorporated in the Commonwealth of Virginia on July 23, 1980. Based on an Agreement of Merger and Reorganization, dated July 31, 1980, and eventual Interstate Commerce Commission (ICC) approval, Norfolk Southern Corporation acquired control of Norfolk and Western Railway Company and Southern Railway Company and their subsidiaries. At the time of the Norfolk Southern consolidation, Norfolk and Western Railway Company was headquartered in

Roanoke, Virginia. Southern Railway Company was headquartered in Washington, DC with a substantial number of offices in Atlanta, Georgia.

On December 4, 1980, Norfolk Southern Corporation, Norfolk and Western Railway Company, and Southern Railway Company filed a joint application to the ICC in Finance Docket No. 29430 (Sub-No. 1), pursuant to which they sought authority under 49 U.S.C. 11343 for Norfolk Southern Corporation to acquire control through stock ownership of Norfolk and Western Railway Company and its subsidiary carrier companies, and of Southern Railway Company and its consolidated system companies.

On September 1, 1981, Norfolk and Western Railway Company acquired Illinois Terminal Railroad Company. On December 31, 1981, Southern Railway Company acquired Kentucky and Indiana Terminal Railroad Company.

Under approval granted by the ICC in Finance Docket No. 29430 (Sub-No. 1), *Norfolk Southern Corporation -- Control -- Norfolk and Western Railway Company and Southern Railway Company*, 366 I.C.C. 173 (1982), dated March 19, 1982, Norfolk Southern Corporation acquired control of Norfolk and Western Railway Company and Southern Railway Company on June 1, 1982.

In the ICC's 1982 decision approving the Norfolk Southern consolidation application, the ICC described the size of the Norfolk and Western Railway Company and Southern Railway Company systems, and the principal commodities hauled by those companies in 1979, at pages 14-16 of the slip opinion as follows:

"NW operates a system comprised of 7,454 miles of railroad in Illinois,

Indiana, Iowa, Kentucky, Maryland, Michigan, Missouri, Nebraska, New York, North Carolina, Ohio, Pennsylvania, Virginia and West Virginia, and in the Province of Ontario, Canada. NW also operates in Kansas pursuant to trackage rights. NW operates 5,575 miles of mainline track and 1,879 miles of branch line."

"The principal lines of NW extend from the eastern points of Norfolk, VA, Hagerstown, MD, and Buffalo, NY, westward to Kansas City, KS, and Omaha, NE and serve Detroit, MI, Cleveland, Toledo, Akron, Columbus, and Cincinnati, OH, Fort Wayne, Muncie, and Indianapolis, IN, Chicago and Decatur, IL, St. Louis, MO, and Pittsburgh, PA. NW also provides north-south service between Chicago and St. Louis, and between the upper Midwest and western Virginia through the Shenandoah Valley of Virginia."

"The principal commodity transported by NW is coal. This single commodity accounted for over 43 percent of NW's revenue in 1979. The next four most important NW commodities, ranked by contribution to 1979 revenue, were transportation equipment (13.95 percent), food products (6.88 percent), chemicals (5.62 percent), and farm products (5.07 percent)."

"Southern operates a system comprised of 10,215 miles of railroad in Alabama, the District of Columbia, Florida, Georgia, Illinois, Indiana, Kentucky, Louisiana, Mississippi, North Carolina, Ohio, South Carolina, Tennessee, and Virginia. This excludes 373 miles of jointly used track. It includes 5,523 miles of mainline track, and 3,059 miles of track which is operated but not owned by Southern."

"Southern's principal lines extend from Alexandria, VA through Atlanta, GA, and Birmingham, AL, to New Orleans, LA, and from Cincinnati, OH, and East St. Louis, IL, through Chattanooga, TN, and Atlanta to Jacksonville, FL. Southern serves numerous points in the Southeast including Norfolk, VA; Charlotte, NC; Columbia and Charleston, SC; Savannah and Macon, GA; Mobile, AL; and Memphis, TN."

"The principal commodities transported by Southern, again in order of contribution to 1979 revenues, are coal (13.8 percent), chemicals (13.0 percent), paper, pulp and related products (10.1 percent), stone, clay, or glass products (9.3 percent) and food products (7.9 percent)."

In October 1982, Norfolk Southern Corporation established its corporate headquarters at Norfolk, Virginia. Norfolk Southern Corporation and its subsidiaries continue to maintain a small office staff in Washington, DC, a substantial number of staff offices in Roanoke, Virginia and Atlanta, Georgia and, since 1999, Norfolk Southern has maintained a significant number of offices in Philadelphia, Pennsylvania and Harrisburg, Pennsylvania.

Two books on the Norfolk and Western Railway Company and Southern Railway Company systems provide detailed information on their history and development to the time of the Norfolk Southern consolidation. They are: E. F. Pat Striplin, *The Norfolk And Western: A History* (Roanoke, VA: The Norfolk and Western Railway Co., 1981) and Burke Davis, *The Southern Railway: Road Of The Innovators* (Chapel Hill, NC: University of North Carolina Press, 1985).

Norfolk, Franklin and Danville Railway Company was merged into Norfolk

and Western Railway Company, December 30, 1983.

Effective December 31, 1990, Southern Railway Company changed its name to Norfolk Southern Railway Company. On the same date, Norfolk and Western Railway Company became a wholly-owned subsidiary of Norfolk Southern Railway Company rather than a subsidiary of Norfolk Southern Corporation.

The Wabash Railroad Company was merged into the Norfolk and Western Railway Company on November 12, 1991. Norfolk and Western Railway Company had controlled and leased the property of the Wabash Railroad Company since 1964, pursuant to Interstate Commerce Commission authorization.

In October 1996, Norfolk and Western Railway Company paid the outstanding bonds issued under the Norfolk and Western Railway Company First Consolidated Mortgage of October 22, 1896, payable October 1, 1996. The mortgage trustee, Bankers Trust Company, delivered a Release, Satisfaction and Discharge of the mortgage to Norfolk and Western Railway Company on January 31, 1997. All Norfolk and Western Railway Company properties became free of any system mortgage on this date.

Pursuant to a notice of exemption filed in STB Finance Docket No. 33648, *Norfolk Southern Railway Company--Merger Exemption--Norfolk and Western Railway Company*, served August 31, 1998, Norfolk Southern Railway Company (NSR) merged Norfolk and Western Railway Company into NSR, effective September 1, 1998.

Norfolk Southern Corporation ("NSC"), parent to Norfolk Southern Railway Company ("NSR"), entered into a Transaction Agreement (the "Conrail Transaction Agreement") among NSC; NSR; CSX Corporation ("CSX"); CSX Transportation, Inc. ("CSXT"), a wholly-owned subsidiary of CSX; Conrail Inc. ("CRR"); Consolidated Rail Corporation ("Conrail"), a wholly-owned subsidiary of CRR; and CRR Holdings LLC, dated June 10, 1997, pursuant to which CSX and NSC indirectly acquired all the outstanding capital stock of CRR. The Conrail Transaction Agreement was approved by the Surface Transportation Board ("STB") in a decision served July 23, 1998 in STB Finance Docket No. 33388, *CSX Corporation and CSX Transportation, Inc., Norfolk Southern Corporation and Norfolk Southern Railway Company - Control and Operating Leases/Agreements - Conrail Inc. and Consolidated Rail Corporation*. The transaction was closed and became effective June 1, 1999.

On June 4, 2003, Norfolk Southern Corporation (NSC), CSX Corporation (CSX), and Consolidated Rail Corporation (Conrail) announced the joint filing of a petition with the Surface Transportation Board (STB) to establish direct ownership and control by CSX Transportation, Inc. (CSXT) and Norfolk Southern Railway Company (NSR), the railroad subsidiaries of CSX and NSC, respectively, of the two Conrail subsidiaries - New York Central Lines LLC (NYC) and Pennsylvania Lines LLC (PRR). CSXT and NSR have been managing and operating the allocated assets of NYC and PRR, respectively, since June 1, 1999 under operating agreements approved by the STB in the 1998 decision cited above. The proposed transaction would replace the existing operating

agreements and allow NSR and CSXT to operate PRR and NYC, respectively, via direct ownership. The petition, if approved, would make the financial, operational and administrative management of Conrail, NYC and PRR more efficient. No change has been requested with respect to the continuing Conrail operation of Shared Asset Areas in the Northern New Jersey, Southern New Jersey/Philadelphia and Detroit areas for the joint benefit of NSR and CSXT.

The Burkeville, VA-Pamplin City, VA line is no longer need by NSR to move overhead traffic and only 142 carloads of local freight moved over the Line in 2003. NSR has sustained substantial avoidable losses on the movement of local freight traffic over the Line for several years. The change contemplated in the operation of the Burkeville, VA-Pamplin City, VA railroad line is for Norfolk Southern Railway Company to abandon the subject unprofitable line of railroad and to the extent of its title to the real estate to deal with the right-of-way as ordinary real estate no longer subject to a common carrier obligation.

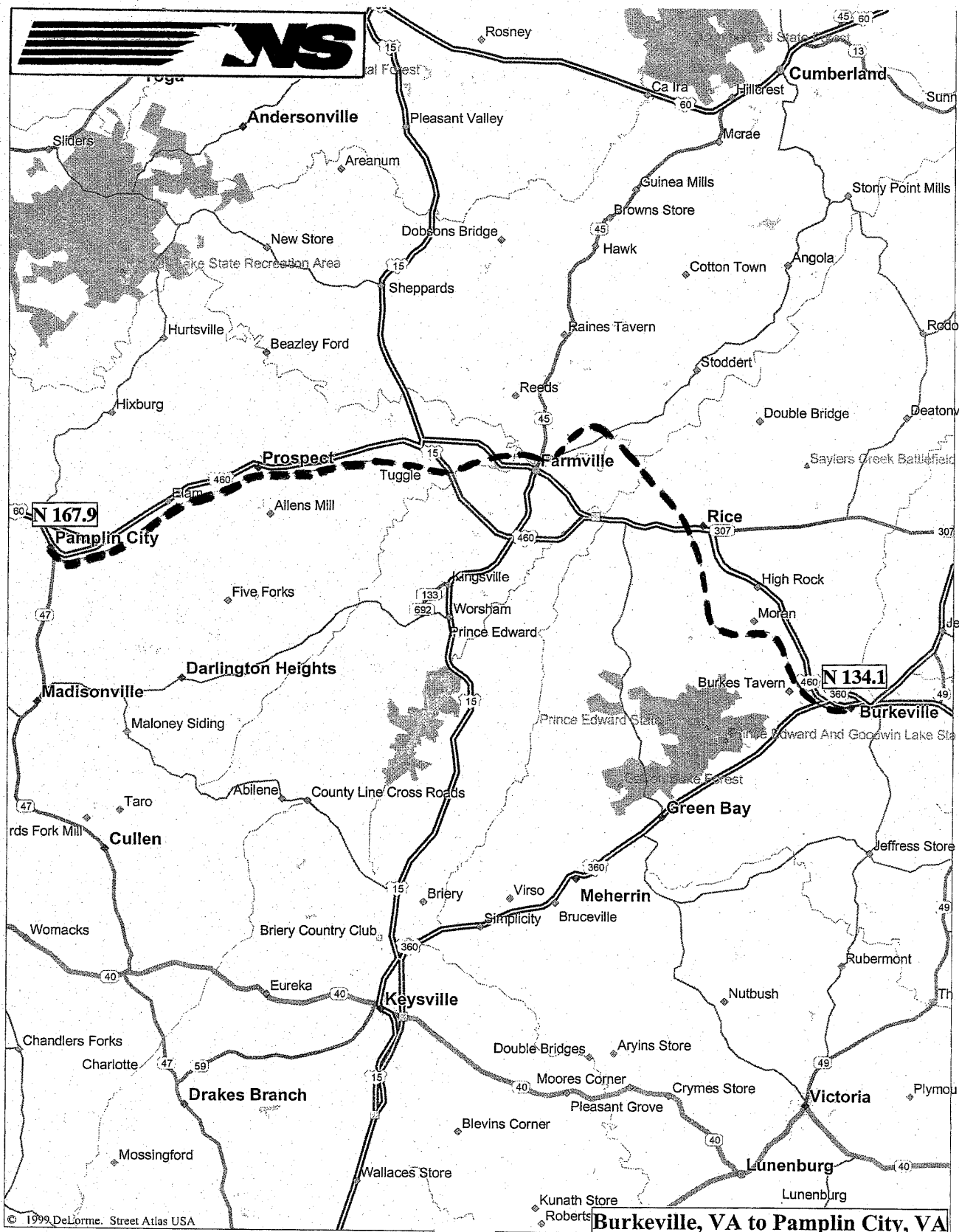
- (6) **Summary of Documents In Carrier's Possession That Might Be Useful for Documenting a Structure That Is Found To Be Historic** – Bridge plans may be available for the structure on the line.
- (7) **Opinion Regarding Criteria For Listing In The National Register Of Historic Places** -- It is carriers' opinion that the structures on the line to be abandoned do not meet the criteria for listing in the *National Register of Historic Places*. The original historic High Bridge was replaced in 1912 by a relatively modern structure, which itself has been described and photographed in available literature on the bridge, some of which has been placed on file with the Virginia State Historic

Preservation Officer. The other structures are small bridges, which are short in length and relatively modern and ordinary in design and construction. There is nothing that distinguishes the other bridges on this segment from others in the region. At this time, we believe the bridges will remain in place and may continue to be used for a trail or other public purposes. The line passes through mostly residential, unimproved, and forest, with some industrial. While Civil War action took place along this railroad line, principally in the vicinity of the High Bridge, with the great interest of Civil War relic hunters in sites not included in federal or state parks, NSR has no reason to believe that there is any likelihood of finding any significant remaining archaeological resources or historic properties on the line proposed for abandonment.

(8) Subsurface Ground Conditions That Might Affect Archaeological Recovery --

NSR is not aware of any prior subsurface ground disturbances or environmental conditions that would affect archaeological recovery, except perhaps for the construction of the High Bridge and dismantling of the old bridge structure in 1912.

(9) Follow-Up Information -- Additional information will be provided as appropriate.





Norfolk Southern Corporation
Law Department
Three Commercial Place
Norfolk, Virginia 23510-9241

— (757) 629-2752

Writer's Direct Dial Number

James R. Paschall
General Attorney

June 2, 2004

Ms. Kathleen Kilpatrick, Director
Department of Historic Resources
2801 Kensington Avenue
Richmond, VA 23221

Re: Docket No. AB-290 (Sub-No. 252X), Norfolk Southern Railway Company –
Abandonment -- between Burkeville and Pamplin City, Virginia

Dear Mr. Price:

On or about July 9, 2004, we expect to be filing with the Surface Transportation Board a petition for exemption seeking authority to abandon 33.8 miles of rail line located between railroad milepost N 134.1 at Burkeville and railroad milepost N 167.9 at Pamplin City, Virginia. Attached is a Historic Report describing the proposed action and any expected historic effects, as well as a map of the affected area, topographical maps, photographs, and a bridge list.

We are providing this report so that you may review the information that will form the basis for the Board's independent environmental analysis of this proceeding. If you believe any of the information is misleading or incorrect, if you believe that pertinent information is missing, or if you have any questions about the Board's environmental review process, please contact the Section of Environmental Analysis (SEA), Surface Transportation Board, 1925 K Street, N.W., Washington, D. C. 20423-0001, Telephone (202) 565-1545, and refer to the above Docket. Because the applicable statutes and regulations impose stringent deadlines for processing this action, your written comments (with a copy to me) would be appreciated within 3 weeks.

Your comments will be considered by the Board in evaluating the historic impacts of the contemplated action. If there are any questions concerning this proposal, please contact me directly at the above telephone number or address.

Yours very truly,

James R. Paschall

JRP:kch
Enclosures

EXHIBIT 5

NEWSPAPER NOTICES

The below is a correct
copy of the publication as
clipped from the columns
of the
Courier-Record

Office of

NOTTOWAY PUBLISHING COMPANY, INC.

Blackstone, Virginia 23824

CERTIFICATE OF PUBLICATION

September 22, 2004

This is to certify that the attached notice of:

Order of Publication

was published once a week, for 1 successive
weeks, in the *COURIER-RECORD*, a newspaper
published at Blackstone, Virginia, in the issues of:

September 9, 2004

William D. Calhoun, Editor
By: Oliver M. Smith

COST OF PUBLICATION

to 18 1/2 inches 96.30 insertion at \$ _____:

\$ _____ Received payment

Nottoway Publishing Company, Inc.

In each case of publication, the Attorney or Clerk who orders
the publication is expected to assume responsibility for pay-
ment of same. We cannot look to clients to receive our pay,
nor await the settlement of long standing suits. Our bills are
payable upon completion of publication.

The below is a correct
copy of the publication as
clipped from the columns
of the

Courier-Record

Office of

NOTTOWAY PUBLISHING COMPANY, INC.

Blackstone, Virginia 23824

CERTIFICATE OF PUBLICATION

**NOTICE OF INTENT TO
ABANDON RAIL SERVICE**

Norfolk Southern Railway Company gives notice that on or about September 30, 2004, it intends to file with the Surface Transportation Board (STB), Washington, DC 20423, a petition for exemption under 49 U.S.C. 10502 from the prior approval requirements of 49 U.S.C. 10903, et seq., permitting the abandonment of a 33.8-mile line of railroad between Milepost N-134.1 at Burkeville and Milepost N-167.9 at Pamplin City, which traverses through United States Postal Service ZIP Codes 23922 and 23958 in Appomattox, Prince Edward, Cumberland, and Nottoway Counties, Virginia. The proceeding will be docketed as No. AB-290 (Sub-No. 252X).

The STB's Section of Environmental Analysis (SEA) will generally prepare an Environmental Assessment (EA), which will normally be available 60 days after the filing of the petition for abandonment exemption. Comments on environmental and energy matters should be filed no later than 30 days after the EA becomes available to the public and will be addressed in an STB decision. Interested persons may obtain a copy of the EA or make inquiries regarding environmental matters by writing to the Section of Environmental Analysis, Surface Transportation Board, 1925 K Street, N.W., Washington, DC 20423-0001 or by calling that office at 202-565-1545.

Appropriate offers of financial assistance to continue rail service can be filed with the STB. Requests for environmental conditions, public use conditions, or rail banking/trails use also can be filed with the STB. An original and 10 copies of any pleading that raises matters other than environmental issues (such as trails use, public use, and offers of financial assistance) must be filed directly with the STB Office of the Secretary, 1925 K Street, N.W., Washington, DC 20423-0001 [See 49CFR 1104.1(a) and 1104.3(a)], and one copy must be served on applicant's representative [See 49CFR 1104.12(a)]. Questions regarding offers of financial assistance, public use trails use may be directed to the STB's Office of Financial Assistance at 202-927-7597. Copies of any comments or requests for conditions should be served on applicant's representative: James R. Paschall, General Attorney, Norfolk Southern Corporation, c/o Commercial Place, Norfolk, VA 23510-9241, 760-629-2759.

September 22, 2004

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D. Calhoun, Editor
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Courier-Record



NEW
Michael Schofield, formerly of
Richmond were joined together
on July 24th. Michael is the son
Blackstone and Jack Schofield of
ter of Richard and Pearl Shelly
graduate of Nottoway High, is a
2001 graduate of the University
Wills Financial Group. They
Catherine's School as dorm parents.

Deadline extended

Lunenburg County Historical
Society has extended its deadline for
the photo contest, "Somewhere in
Time-In Lunenburg County" until
Monday, Sept. 13th. For more in-
formation call Victoria Public Library
at (434) 696-3416.

**STONE
RAFTS
FESTIVAL**

**Saturday
10
Sunday
12**



Office of

NOTTOWAY PUBLISHING COMPANY, INC.

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payable upon completion of publication.

Complete Printing and Advertising Service

The Farmville Herald

INCORPORATED

Published Wednesday and Friday
114 NORTH STREET PHONE 392-4151

Farmville, Virginia 23901

September 9, 2004

Norfolk Southern Corporation
Law Department
Three Commercial Place
Norfolk, VA 23510-9241

The below is a correct copy of the
publication as clipped from the
columns of The Farmville Herald.

LEGAL NOTICE

NOTICE OF INTENT TO
ABANDON RAIL SERVICE

Norfolk Southern Railway Company gives notice that on or about September 30, 2004, it intends to file with the Surface Transportation Board (STB), Washington, DC 20423, a petition for exemption under 49 U.S.C. 10502 from the prior approval requirements of 49 U.S.C. 10903, *et seq.*, permitting the abandonment of a 33.8-mile line of railroad between Milepost N-134.1 at Burkeville and Milepost N-167.9 at Pamplin City, which traverses through United States Postal Service ZIP Codes 23922 and 23958 in Appomattox, Prince Edward, Cumberland, and Nottoway Counties, Virginia. The proceeding will be docketed as No. AB-290 (Sub-No. 252X).

The STB's Section of Environmental Analysis (SEA) will generally prepare an Environmental Assessment (EA), which will normally be available 60 days after the filing of the petition for abandonment exemption. Comments on environmental and energy matters should be filed no later than 30 days

CERTIFICATE OF PUBLICATION

This is to certify that the order of Publication

Docket No. AB-290(Sub-No.252X)
Norfolk Southern Railway Co
Abandonment- between Burkeville
and Pamplin City, Virginia

was published once a week for 1 successive weeks
in THE FARMVILLE HERALD, a newspaper published at
Farmville, Va., in its issues of September 8, 2004


Publisher

INVOICE

To _____ inches _____ insertions at _____ \$ PD

This invoice will be included on your computer
statement at the end of the month.

after the EA becomes available to the public and will be addressed in an STB decision. Interested persons may obtain a copy of the EA or make inquiries regarding environmental matters by writing to the Section of Environmental Analysis, Surface Transportation Board, 1925 K Street, N.W., Washington, DC 20423-0001 or by calling that office at 202-565-1545.

Appropriate offers of financial assistance to continue rail service can be filed with the STB. Requests for environmental conditions, public use conditions, or rail banking trails use also can be filed with the STB. An original and 10 copies of any pleading that raises matters other than environmental issues (such as trails use, public use, and offers of financial assistance) must be filed directly with the STB's Office of the Secretary, 1925 K Street, N.W., Washington, DC 20423-0001 [See 49 CFR 1104.1(a) and 1104.3(a)], and one copy must be served on applicant's representative. [See 49 CFR 1104.12(a)]. Questions regarding offers of financial assistance, public use or trails use may be directed to the STB's Office of Public Assistance at 202-927-7597. Copies of any comments or requests for conditions should be served on the applicant's representative: James R. Paschall, General Attorney, Norfolk Southern Corporation, Three Commercial Place, Norfolk, VA 23510-9241, (757) 629-2759.

9-8-11

TIMES-VIRGINIAN
P.O. BOX 2097
APPOMATTOX, VA 24522

Certificate of Publication

For Norfolk Southern Corp.

We, Womack Publishing, publishers of the Times-Virginian, a weekly newspaper printed at Appomattox, State of Virginia, do hereby certify that the enclosed notice has been published once a week for 1 successive weeks, commencing Sept. 8, 2004, and ending —, 20—, inclusive, in the said Times-Virginian, aforementioned.

Attest: Charity Campbell
Classified Manager

Date: Sept. 8, 2004

Printer's Fee \$ 79.92
Received Payment

Womack Publishing Co.
Publisher

A copy of the annexed Order was posted as therein directed.

Notice of Intent to Abandon Rail Service
Norfolk Southern Railway Co.
Docket No. AB-290 (Sub No. 252 x)
Times-Virginian



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